

THE DEPARTMENT OF STATE BULLETIN

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In this issue

THE PRESIDENT'S STATEMENT OF POLICY TOWARD CHINA

OUR INTERNATIONAL INFORMATION POLICY

Radio Broadcast

SPECIALIZED INTERGOVERNMENTAL AGENCIES: THEIR PLACE IN UNO

By Louis K. Hyde, Jr.

*For complete contents
see inside cover*



THE DEPARTMENT OF STATE
BULLETIN

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The Department of State BULLETIN, a weekly publication compiled and edited in the Division of Research and Publication, Office of Public Affairs, provides the public and interested agencies of the Government with information on developments in the field of foreign relations and on the work of the Department of State and the Foreign Service. The BULLETIN includes press releases on foreign policy issued by the White House and the Department, and statements and addresses made by the President and by the Secretary of State and other officers of the Department, as well as special articles on various phases of international affairs and the functions of the Department. Information concerning treaties and international agreements to which the United States is or may become a party and treaties of general international interest is included.

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United States Policy Toward China

Statement by THE PRESIDENT

[Released to the press by the White House December 16]

The Government of the United States holds that peace and prosperity of the world in this new and unexplored era ahead depend upon the ability of the sovereign nations to combine for collective security in the United Nations Organization.

It is the firm belief of this Government that a strong, united, and democratic China is of the utmost importance to the success of this United Nations Organization and for world peace. A China disorganized and divided either by foreign aggression, such as that undertaken by the Japanese, or by violent internal strife is an undermining influence to world stability and peace, now and in the future. The United States Government has long subscribed to the principle that the management of internal affairs is the responsibility of the peoples of the sovereign nations. Events of this century, however, would indicate that a breach of peace anywhere in the world threatens the peace of the entire world. It is thus in the most vital interest of the United States and all the United Nations that the people of China overlook no opportunity to adjust their internal differences promptly by methods of peaceful negotiation.

The Government of the United States believes it essential:

(1) That a cessation of hostilities be arranged between the armies of the National Government and the Chinese Communists and other dissident Chinese armed forces for the purpose of completing the return of all China to effective Chinese control, including the immediate evacuation of the Japanese forces.

(2) That a national conference of representatives of major political elements be arranged to develop an early solution to the present internal strife—a solution which will bring about the unification of China.

The United States and the other United Nations have recognized the present National Government of the Republic of China as the only legal

government in China. It is the proper instrument to achieve the objective of a unified China.

The United States and the United Kingdom by the Cairo Declaration in 1943 and the Union of Soviet Socialist Republics by adhering to the Potsdam Declaration of last July and by the Sino-Soviet treaty and agreements of August 1945 are all committed to the liberation of China, including the return of Manchuria to Chinese control. These agreements were made with the National Government of the Republic of China.

In continuation of the constant and close collaboration with the National Government of the Republic of China in the prosecution of this war, in consonance with the Potsdam Declaration, and to remove possibility of Japanese influence remaining in China, the United States has assumed a definite obligation in the disarmament and evacuation of the Japanese troops. Accordingly the United States has been assisting and will continue to assist the National Government of the Republic of China in effecting the disarmament and evacuation of Japanese troops in the liberated areas. The United States Marines are in north China for that purpose.

The United States recognizes and will continue to recognize the National Government of China and cooperate with it in international affairs and specifically in eliminating Japanese influence from China. The United States is convinced that a prompt arrangement for a cessation of hostilities is essential to the effective achievement of this end. United States support will not extend to United States military intervention to influence the course of any Chinese internal strife.

The United States has already been compelled to pay a great price to restore the peace which was first broken by Japanese aggression in Manchuria. The maintenance of peace in the Pacific may be jeopardized, if not frustrated, unless Japanese influence in China is wholly removed and unless China takes her place as a unified, democratic, and peaceful nation. This is the purpose of the maintenance for the time being of United States military and naval forces in China.

The United States is cognizant that the present National Government of China is a "one-party government" and believes that peace, unity, and democratic reform in China will be furthered if the basis of this Government is broadened to include other political elements in the country. Hence, the United States strongly advocates that the national conference of representatives of major political elements in the country agree upon arrangements which would give those elements a fair and effective representation in the Chinese National Government. It is recognized that this would require modification of the one-party "political tutelage" established as an interim arrangement in the progress of the nation toward democracy by the father of the Chinese Republic, Dr. Sun Yat-sen.

The existence of autonomous armies such as that of the Communist army is inconsistent with, and actually makes impossible, political unity in China. With the institution of a broadly representative government, autonomous armies should be eliminated as such and all armed forces in China integrated effectively into the Chinese National Army.

In line with its often expressed views regarding self-determination, the United States Government considers that the detailed steps necessary to the achievement of political unity in China must be worked out by the Chinese themselves and that intervention by any foreign government in these matters would be inappropriate. The United States Government feels, however, that China has a clear responsibility to the other United Nations to eliminate armed conflict within its territory as constituting a threat to world stability and peace—a responsibility which is shared by the National Government and all Chinese political and military groups.

As China moves toward peace and unity along the lines described above, the United States would be prepared to assist the National Government in every reasonable way to rehabilitate the country, improve the agrarian and industrial economy, and establish a military organization capable of discharging China's national and international responsibilities for the maintenance of peace and order. In furtherance of such assistance, it would be prepared to give favorable consideration to Chinese requests for credits and loans under reasonable conditions for projects which would contribute toward the development of a healthy economy throughout China and healthy trade relations between China and the United States.

British Reply to American Proposal on Iran

[Released to the press December 14]

Response of the British Government to the United States proposal for the evacuation of all foreign troops from Iran by January 1, 1946

As the United States Government will recall, His Majesty's Government suggested to the Soviet Government at the London meeting of the Foreign Ministers that the Soviet Government and His Majesty's Government should agree to withdraw by the middle of December their respective forces from the whole of Persia except certain defined zones, leaving only small parties for the disposal of surplus property and installations.

The Soviet Government were unable to accept this proposal; nonetheless, His Majesty's Government proceeded with the arrangements suggested in their proposal to the Soviet Government, and, except for small administrative parties, such British troops as now remain in Persia have been withdrawn southwards as quickly as possible and are stationed in the extreme southwest of the country.

His Majesty's Government takes the view that the Allied troops were stationed in Persia only for purposes connected with the war, and that the war being ended they should withdraw as soon as possible. Therefore, upon the receipt of the United States Government's proposal that all Allied troops should be withdrawn from Persia before the first January 1946, His Majesty's Government as a matter of urgency commenced an examination of the practicability of withdrawing their forces by that date.

The Soviet Government, having intimated to the United States Government that they are not prepared to accede to the United States Government's proposal,¹ British military authorities are not continuing their plans to examine the details involved in arrangements for withdrawal by January 1, 1946.

His Majesty's Government entirely agree with the view that fulfillment of assurances contained in the Declaration of Tehran of December 1, 1943 requires that the Government of Iran should have full freedom to move its armed forces in such manner as it considers necessary in order to preserve its authority and maintain internal security.

¹ For text of Soviet reply, see BULLETIN of Dec. 9, 1945, p. 934.

Our International Information Policy

RADIO BROADCAST

Participants

WILLIAM BENTON
Assistant Secretary of State for Public Affairs

WILLIAM T. STONE
Director, Office of International Information and Cultural Affairs, Department of State

LOY HENDERSON
Director, Office of Near Eastern and African Affairs, Department of State

STERLING FISHER
Director, NBC University of the Air

[Released to the press December 15]

ANNOUNCER: Here are *Headlines from Washington*:

Assistant Secretary of State Benton Says Passage of Bloom Bill Authorizing International Information Service Is Essential to Our Foreign Policy.

William Stone Says State Department Information Service Must Help To Supplement, Rather Than Compete With, Private News Services.

Loy Henderson Says People Abroad Still Know More About American Gangsters Than About the American Way of Life.

During the next few weeks, we expect to discuss some of the most important phases of our foreign policy with leading officials of the Department of State. This is the first of a new group of State Department broadcasts, and the forty-fourth in a larger NBC University of the Air series entitled "Our Foreign Policy". This time "Our International Information Policy" will be discussed by Assistant Secretary of State William Benton, who is responsible for this phase of the State Department's work; Mr. William T. Stone, Director of the Office of International Information and Cultural Affairs, who will supervise the overseas informational program when it is set up on a permanent basis; and Mr. Loy Henderson, Director

of the Office of Near Eastern Affairs of the State Department, and until recently Minister to Iraq, who has had first-hand experience with informational work abroad. Sterling Fisher, Director of NBC's University of the Air, will serve as chairman of the discussion.

FISHER: Mr. Benton, the State Department has come in for some severe criticism lately, for not releasing more information on our foreign policy. Would you like to define your information policy?

BENTON: Well, Mr. Fisher, we're now working toward releasing as much information as possible, as fast as possible, and with a maximum of frankness. I know we haven't always lived up to these aims; we're working now on plans to improve our channels for getting the facts out to the public. But that's another story—we can't expect to cover in one broadcast both our domestic information policy and our international information program.

FISHER: Yes, we'll cover the domestic aspects in another broadcast. But I suppose the aims you mentioned apply to our international program as well.

BENTON: In a general way, yes—we want to get accurate information out, and as fast as possible. But here at home we are dealing with foreign policy and international relations generally, whereas our overseas operations will be much broader. We'll be operating abroad under a special directive from President Truman. He put it this way: "It should be the aim of American foreign policy to give other peoples of the world a full and fair picture of American life." That's a revolutionary concept—something new in the history of diplomacy. Diplomacy speaks to officials; our information program will speak to peoples. The people of the world are on the march. They are already in touch with each other, through the press and radio and movies; our job is to help them to get *correct* information about us.

FISHER: That raises a fundamental question: Why has it suddenly become necessary to dispense information about America to the whole world?

BENTON: The *need* is not new; but we've only recently begun to meet that need. We've discov-

ered that it's no longer safe to assume that the whole world believes in the purity of our motives.

STONE: You see, Mr. Fisher, we discovered in this war that we were handicapped by a lot of false notions that other people had about us. Misinformation—and lack of information—played right into the hands of the enemy propagandists.

FISHER: Can you give us an example or two, Mr. Stone, to illustrate what you mean?

STONE: Yes. America was completely misrepresented all over Europe and the Far East by Axis propagandists early in the war. They described us as weak, divided, spineless people who never really stand up and fight. We disproved that. But while we were arming ourselves, we had to tell the story of our growing strength to our Allies, and especially to the people of occupied countries—so they wouldn't get discouraged while they were waiting for D Day. We developed channels through OWI and other agencies to tell the truth about the American war effort and our war aims.

FISHER: That was an important part of our psychological warfare. But now that the war is over, how can you justify continuing this sort of program? Mr. Benton, hasn't the need for it diminished?

BENTON: The need for *that* particular kind of information, yes. But I believe very strongly that it has never been more necessary to tell our story than right now.

FISHER: That calls for a bit of explanation.

BENTON: I mean just this: We are one of the most powerful nations in the world today. A good many people in other countries think of us as the nation with the atom bomb, the B-29 planes, the huge navy and air forces. This impression is liable to give rise to misunderstanding, fear, and hatred if we don't make our aims clear, and convince people that ours is a peaceful way of life. We can't have friendly, peaceful relations with other nations unless they understand us. We need to make a real effort to see that they do. Such a program as ours is not a cure for suspicion and hatred. But it will be a kind of vaccination. And it is one of the cheapest ways I know to guard against friction with other nations.

FISHER: Cheap in terms of dollars?

BENTON: Yes. I read the other day that Major General Groves, testifying before a congressional committee, said that about 500 million dollars and 35 thousand people would be needed in the next year to manufacture and improve the atom bomb.

I suggest that it would be good sense to spend 5, 10, or 15 percent as much on international information and cultural relations to help make the bomb unnecessary—by producing international cohesion rather than fission.

STONE: It's a matter of our own security, in the long run.

BENTON: I think Loy Henderson, here, can tell you the importance of an information program from the point of view of a Foreign Service officer. Here's a man who has risen in the Foreign Service from a vice consul 24 years ago to the post of Minister to Iraq and now Director of the Office of Near Eastern Affairs. He's seen these problems at first hand. From your experience, Loy, what do you think?

HENDERSON: Well, Bill, that experience has convinced me of the absolute necessity for making sure other people know exactly what we stand for, what we are striving for. Otherwise hostility may develop toward us, and that would hamper us in our efforts to mobilize world opinion for peace.

FISHER: I should think, Mr. Henderson, that our participation in the United Nations Organization would be a pretty good guaranty of our peaceful intentions.

HENDERSON: Perhaps, Mr. Fisher. But you have to remember that the success of the United Nations will depend on the extent to which the people of the different nations understand and trust one another. Now, people in every corner of the world are observing and wondering about developments in the United States. They have a real thirst for information about us, what we are like, what our policies are. During the war, through the OWI we have at least begun to satisfy that curiosity, and people are getting to understand us better. That can be a great help during the post-war period, if we continue at least some of this information work.

FISHER: You really think that other people had no accurate idea of American life before the war?

HENDERSON: I know they didn't. They had very little chance to know us. Their impressions were haphazard, based on scraps of news, sensational stories, odd bits of information. They knew more about American gangsters of the 1920's than they knew about the American educational system of the 1940's. They thought we were all very wealthy, and that we got divorces every year or two. Thanks largely to the Axis propagandists, too many of them still think

we are a rich, tawdry, gun-toting, jazz-loving, unscrupulous lot.

BENTON: Yes, the American myth has some strange features—and inconsistencies. We are a combination Uncle Santa Claus and Uncle Shylock, for example. And despite our record some people think we have sinister imperialistic designs.

FISHER: So Uncle Sam, in the person of the State Department, is in the information field to correct some of these false impressions—is that right, Mr. Benton?

BENTON: We're not in it yet. We're operating as well as we can with an interim set-up until we are authorized by Congress to do the job ourselves. It's a highly temporary arrangement, a stop-gap authorized by President Truman.

STONE: Actually, as yet we have no congressional authority to establish a permanent international information service. The Bloom bill, introduced by Congressman Sol Bloom, chairman of the House Foreign Affairs Committee, will give us that authority.

BENTON: And that authority is essential to our foreign policy in this field. But the Bloom bill is only the first of two steps necessary for carrying out this phase of our foreign policy. It will authorize us to take the second step—to ask for funds so that we can set up a permanent staff of information officers abroad.

FISHER: Mr. Benton, there's one question that I think should be answered here. Why should the *Government* have to do all this? From what all of you have said, it's obvious that private information channels didn't do too good a job of informing the world about America before the war. But does that mean it can't be done unless the Government goes into the information business?

BENTON: I want to make it clear that we won't be competing with private business in this field. The private press and radio and films have done a lot in the past, and we'll encourage them to do still more in the future. They will do the main job of getting the facts out. Our job will be a supplementary one.

STONE: Overseas press coverage of the American scene must necessarily be incomplete. It deals with spot news, on a day-to-day basis. Such things as strikes and gangster shootings are bound to bulk pretty large, as they do in our own press, because they are news, with commercial value. Not that the news services don't send plenty of solid stories too. But they rarely transmit such

things as the complete text of the President's speeches, important Government documents, and the like. It will be our job to supplement the news agencies by making such material available to editors and others who need it. And, in addition, some feature articles on the American scene can be sent out. None of this would compete with the news services. It would be entirely supplementary.

HENDERSON: I can testify to the value of this sort of coverage to the people of Iraq. It has been of great value to us there.

FISHER: You're referring to OWI's outpost in Iraq, Mr. Henderson?

HENDERSON: Yes. It worked quite a change during the war years. You see, there are no permanent representatives of American news agencies out there, and such news as they had from America was short items from the wire services or items copied from other papers. Only a few educated people had any real picture of America. Then OWI sent very able men in, and they filled in the missing link by issuing releases on developments in America. They were very widely used. In fact, I think it's safe to say that last year the Baghdad press carried more news from American sources than from any other source. Let me give you an example of how this was done.

FISHER: By all means.

HENDERSON: Last summer the Regent of Iraq came to America and traveled extensively over here. OWI cabled daily reports of his trip—where he had gone, what he had seen, and background information on all this. When he visited our Supreme Court, the OWI representative in Baghdad furnished to the Iraqi press an account of the Court and what it stood for. Such stories were headlined in the Iraqi papers almost every day for a month. The people were given an educational tour of the United States. It added up to the most impressive play of news in the history of Iraqi press. Without these articles, very little would have been printed about the Regent's trip, except for the bare itinerary.

FISHER: Well, that's certainly a good case for supplementary press coverage. But what about the radio? We had some powerful short-wave transmitters before the war. Mr. Stone, don't you think they did a good job?

STONE: Yes, but even so we were far behind the other major nations in our short-wave broadcasting. At the outbreak of the war we had 13 transmitters, owned by 6 private corporations. They

couldn't begin to carry the load. OWI leased them, and new stations were built until early this year we had 38 transmitters in operation, sending out programs in 40 languages.

FISHER: But now that the war is over do we need such an ambitious schedule? I'm thinking of the taxpayer, you see.

STONE: No, of course not. We are cutting it way down. We will have fewer stations, and we have already cut the number of languages to 18. But that's still too much for private radio to handle. That is, it would not be commercially feasible without Government help.

FISHER: The networks are doing a good deal on their own initiative. NBC is transmitting this very program by short-wave to Latin America, in Spanish and Portuguese.

STONE: Yes, the private companies have done a lot. But they don't get enough financial returns to make it possible for them to give any kind of complete news coverage, or well-balanced cultural entertainment programs, without Government help.

FISHER: What's the alternative, then? Government operation?

STONE: We are still studying the question. It's possible that some sort of private or public corporation may take over the main job, with Government assistance and control. But we haven't taken any definite position on this as yet. We only know the job must be done.

BENTON: Remember that other countries are in this field to stay. Early this year Russia had 35 short-wave transmitters, and Great Britain has 41. We ought to keep our short-wave broadcasts going on a comparable basis, without neglecting standard-wave broadcasts where facilities are open to us. The "Voice of America" has been a great inspiration to people all over the world during the war, and it should not be silenced.

FISHER: And now, Mr. Benton, what about the content of our broadcasts? Would it be like the press materials you described?

BENTON: It will be considerably broader. At present, our broadcasts do six things: first, they give the world news in brief; second, they give American editorial and radio comments on the news; third, they include statements on American official policy from the President, members of the Cabinet, congressional leaders, and prominent people in all walks of life; fourth, they present news of American internal affairs; fifth, they supply news from the Far East and from the Ameri-

can occupation zone in Germany; and, finally, they present radio features on the American way of life and American science, education, the arts, and agriculture. I think we should continue to cover all of these fields.

FISHER: There will of course be some who will call this propaganda. How would you answer them, Mr. Benton?

BENTON: The word *propaganda* has bad connotations to many Americans. That's because they associate it with lies and half-truths, told with a hidden purpose. But our aim will be to present a well-rounded picture of America and American foreign policy. We'll present representative criticisms, as well as praise. We won't select or distort the facts in order to give a completely favorable picture. The best propaganda in the world is the truth. We found that out during the war.

FISHER: Mr. Stone, you'll have to deal with this problem. How will you handle an automobile strike, for example?

STONE: We will report major strikes. But we won't play them up sensationally. We'll try to tell the whole story—the issues in the strike, what it means to the industry and to the workers, and so on.

FISHER: Which is more than we get most of the time in our own newspapers, when a major strike is on. But let's take another case, that would be even more difficult to deal with—the race problem. Suppose a race riot occurs. Would you tell the world about that? It would be pretty hard for some of our friends—China and the Soviet Union and the Latin Americans—to understand.

STONE: We won't hide the fact that we have social problems. But we'll try to present them in perspective. We'll say, in effect, here's a problem in race relations. Here's how it came about. We don't like it, and we're trying to remedy it.

BENTON: At the same time, we can describe the progress we are making toward removing the causes of racial conflict. And we can make it very clear that we don't consider ourselves a master race.

FISHER: There's one other main channel of information we haven't discussed yet, Mr. Benton. That's the motion picture. Will you make much use of the films in getting our story across? Since you were interested in classroom films before you came to the State Department, that ought to be right up your alley.

BENTON: The motion pictures which commer-

cial distributors send abroad probably do more than any other one thing to form impressions of the United States. Those impressions haven't always been fair to us. Too many people think that every American housewife has a 40-foot living-room and a maid to wait on her. But on the whole the movies have helped to portray our way of life.

FISHER: Sometimes they have made enemies, too, in Latin America and elsewhere. I understand that the British were quite incensed about that picture in which Errol Flynn recaptured Burma almost single-handed. Would you try to control film distribution to avoid that sort of thing?

BENTON: I'll say this, Mr. Fisher. The State Department has no intention of censoring films for export. Any controlling that is done would be by the film industry itself, perhaps in consultation with Government officials who could give sound advice as to the reception certain films would get abroad. The movie industry has been most cooperative all through the war, and I'm sure it will continue to work for the common good in connection with our overseas program.

FISHER: I understand you have some plans, though, to produce documentary films of your own.

BENTON: On a small scale, yes, if Congress approves. We plan to arrange for the production of a small number of educational films about life in the United States, for distribution in Latin America and elsewhere. But they will be non-commercial, for schools and special groups. They won't compete with the commercial films.

FISHER: Mr. Stone, what other channels will you use to reach the people of other countries? How about the magazines put out by OWI and its Latin American counterpart, the Office of Inter-American Affairs?

STONE: Most of them have already been sold or discontinued, Mr. Fisher. The only exceptions are two magazines for Germany, published in cooperation with the Army, and one published in Moscow. The latter magazine, *America*, is the only foreign magazine distributed in the Soviet Union. We distribute 10,000 copies a month over there, and they are in great demand.

BENTON: And then there's the *Information Bulletin* published by our Embassy in Moscow, 200 copies of which go to Soviet officials. That is said to have the most influential circulation in the world. These publications are very valuable in

bringing about understanding of America. And if they are to be continued at all the State Department must publish them. I think it is important that we do so. The Soviet Union is not a one-man dictatorship, as so many people believe it to be. Decisions there are often *group* decisions, and the opinions of top officials, and of the public, too, are a real factor in making them. We want the opinion leaders there to know as much as possible about America and Americans.

STONE: Going back to your question about other channels of communication, Mr. Fisher: I think we ought to add that we are trying to build up circulation of American books, and American magazines with overseas editions. We are continuing OWI's photographic exhibits about American life, on a small scale. And, last but not least, we're planning to continue the United States information libraries in the principal cities of the world.

FISHER: I remember that Congressman Dirksen, on one of these programs, praised the information libraries he had seen in his travels abroad. In fact, he was quite enthusiastic about the overseas OWI set-up in general.

BENTON: Those information libraries have been widely used, and have probably received more praise than any other aspect of OWI's work. I remember hearing how long lines of anxious people came to our library in Melbourne, Australia, after President Roosevelt's death, to find out what would happen in the presidential succession. Henry Seidel Canby, the famous editor, said on his return to America not long ago that the libraries "have enabled the right people at the right time to learn for themselves, from books and not from propaganda, what America was, is, had, could offer, what we were thinking and how we felt. They . . . should be part of our permanent foreign policy."

FISHER: Mr. Henderson, in questioning these information experts I didn't mean to leave you out of the discussion for so long.

HENDERSON: That's quite all right, Mr. Fisher. That's their province, and I've been getting a good briefing in the subject myself.

FISHER: I would like to ask you, though, to give your evaluation of this whole program, from the viewpoint of the Foreign Service.

HENDERSON: Well, let me put it this way: About 70 years ago we started to give Japan all sorts of technical help toward becoming a modern industrial nation. I have often wondered whether the history of the last few years might not have

been entirely different if we had also given the Japanese a better picture of our democratic way of life in those first formative years after the Meiji Restoration. It's quite possible that if they had had a chance to absorb the concepts of democracy the Japanese might never have taken the path of military aggression.

BENTON: In that connection, Brigadier General Fellers of General MacArthur's staff told me recently that the Japanese who knew America best were opposed to the military clique—opposed to the war. One former military attaché, who had been stationed at the Japanese Embassy here, was read out of the Army for his views. And a former naval attaché was also dismissed. If more people in Japan had had the information these men had about America, the Japanese might never have gone to war with us. But go ahead, Loy.

HENDERSON: The program Bill Benton and Bill Stone have been outlining will work in two ways: It will give other peoples an accurate understanding of America, so they will know us better, and it will also help them to decide for themselves whether they want to go our way, toward democracy, or toward totalitarianism. I suspect that a small expenditure for an American information program now might pay big dividends later, in a wide-spread trend toward a free democratic way of life and in a drop in the need for military preparedness on our part in the long run.

FISHER: Mr. Benton, to do the job Mr. Henderson envisions, you'll need some good people on your staff. Will you keep on your payroll most of the OWI and Office of Inter-American Affairs employees?

BENTON: Peacetime staff will be very modest. Of course, we still have a big job to do in Japan and in our occupation zone in Germany. There we have the problem of reeducating the people for democracy. But the period of psychological war is over; and we'll operate with a comparatively small staff from here on in. We expect to have only a few hundred doing information work overseas—about 20 percent of what the war-information agencies have employed during the war.

STONE: In Rome, for example, OWI had a staff of 60 people. We expect to retain only 20 on a permanent basis.

FISHER: Will these 20 be taken into the Foreign Service?

STONE: Not immediately. We'll have to make special provision for them. One problem is to hold the best people.

HENDERSON: I think it's essential to retain the ablest part of the OWI staff. They have had valuable experience during the war years, and it would be a shame to lose them. Of course, they've made mistakes; but if we had to start from scratch our people would probably make the same mistakes all over again.

FISHER: Now, the new information set-up—what is it to be called, Mr. Benton?

BENTON: It's a mouth-filling name—the Office of International Information and Cultural Affairs—OIC, for short.

FISHER: How closely will the new set-up work with international agencies in the same field? The United Nations information organization, for example, and UNESCO—the United Nations Educational, Scientific and Cultural Organization.

BENTON: We'll cooperate with them wherever possible, of course—especially with UNESCO, once it gets going. UNESCO will work on the United Nations level, whereas ours is a strictly American project. But we will work closely with them, especially in arranging educational and informational exchanges.

FISHER: And then, what about the information services that other countries operate here in the United States? Mr. Stone, will you have some sort of reciprocal arrangement or exchange with them?

STONE: I suppose you might call it that. We have always welcomed the information agencies of friendly nations, subject only to the formality of registering under the Foreign Agents' Registration Act. This need for information is a two-sided proposition. Other people need to know more about us, but we also need to know more about them. That's where the foreign information services are doing a very constructive job here in America.

BENTON: Speaking of exchanges, I'd like to say a word about our own cultural-relations program. I firmly believe that in the long run this will do even more than information work to build friendly relations with other nations.

FISHER: You're speaking now, Mr. Benton, of exchanges of teachers and students?

BENTON: And technicians and scientists. They are all included in our program.

FISHER: Having taught out in the Far East myself, for a time, I'm especially interested in educational exchanges.

BENTON: China is a good example of how that works out in practice. We are now helping to

finance the education of Chinese students over here. Long before we started doing this we earmarked for educational purposes the indemnity we were awarded after the Boxer Rebellion; as a result about 2,000 Chinese students have come to the United States to complete their education. These people are now among the top figures in the Chinese Government. They are our friends, and they have done a lot to spread modern American ways among the Chinese people. Then too, 12 to 15 American technical experts go to China each year, to help modernize Chinese agriculture and industry.

FISHER: Is this sort of thing to be extended to other countries?

BENTON: Oddly enough, the State Department is authorized to do this only in Latin America. We have operated in China and the Near East only by using wartime emergency funds.

STONE: The Bloom bill, though, will authorize cultural exchanges of this sort with all nations.

FISHER: Mr. Benton, how many exchange students do you plan to have come over here each year?

BENTON: If you mean students who come here on their own, as well as formal exchanges arranged by the Government, the figure would be quite large. Even during the war, we had about 2,500 Latin American students in this country. We expect to have 10,000 foreign students here in 1946, and 20,000 in 1947. That should be only a beginning—I'd like to see the figure soar to 50,000, eventually.

FISHER: Mr. Henderson, hasn't a lot been accomplished in the Near East through education contacts with America?

HENDERSON: It takes a rather different form there, Mr. Fisher, and it goes back a century or more. Various American schools, in particular the American University at Beirut and Roberts College near Istanbul—Constantinople—have done a great deal to help the people of that region, and incidentally to make them understand what America stands for.

FISHER: Have you felt the effects of this as far away as Iraq?

HENDERSON: There's no Arab country where you don't find graduates of the American University in Beirut, in positions of top leadership. The Minister of Public Works in Iraq got his training there. I remember that in traveling through Kurdistan, in Northern Iraq, I found judges, doctors, and high public officials who had

graduated from the same American University. Last year when I visited Najef, the holy city of the Shiite Moslems, I had a long talk with the Grand Muztahid, the leader of the Shiites—the second-largest Moslem group. Our translator, the local governor, turned out to be an alumnus of the American University. You find them everywhere.

FISHER: And you felt that their contact with American teachers in Beirut had been beneficial, from our own point of view?

HENDERSON: Absolutely. A British official who knows the Near East intimately once told me that the understanding of American democracy and war aims gained by students at the American University was largely responsible for the loyalty of a great majority of Near Eastern peoples to the Allies—despite the frenzied propaganda of the Axis. That was important to us. Our line of communication was pretty thin out there at the peak of the Axis drive. If we hadn't had the support of the people, the Germans might well have smashed through to India to meet the Japanese. That might have been disastrous.

FISHER: That's an interesting angle. Now to summarize what has been said: The Bloom bill will authorize the State Department to set up a permanent international information service. The Department will retain part of the OWI program, but on a reduced scale. It will service the press of foreign countries, broadcast on the radio, and use non-commercial films, exhibits, and publications to explain American policy and the American way of life to people everywhere. The Bloom bill will also open the way for a world-wide exchange of educational and technical personnel. In the long run, Mr. Secretary, you feel that this will be the best possible means of insuring a permanent peace.

BENTON: That's right. It's a question of *understanding*, versus *force*. America, to most peoples abroad, is a symbol of prosperity. If we can make it a symbol of the best democratic traditions as well, we will be helping to rid the world of hatred, suspicion, and the germs of future wars.

FISHER: Well, thank you, gentlemen, for giving us a forecast of the State Department's international information policy. And, Mr. Benton, we'll be coming back to you later with some questions about our domestic policy in releasing information—and especially the question of foreign-policy secrecy.

(Continued on next page)

Meeting of Foreign Secretaries in Moscow

MATTERS DISCUSSED BY THE SECRETARY OF STATE AT HIS PRESS CONFERENCE

At his press and radio news conference on December 11, the Secretary of State announced that he would leave for Moscow on December 12 and that the following men would accompany him: Benjamin V. Cohen, Counselor of the Department; James B. Conant, President of Harvard, who will go in place of Vannevar Bush, who is ill; John Carter Vincent, Director of the Office of Far Eastern Affairs; H. Freeman Matthews, Director of the Office of European Affairs, who is now in Paris; Charles E. Bohlen, Assistant to the Secretary, in charge of White House liaison; John D. Jernegan, Second Secretary of Embassy at Iran, who was selected by Ambassador Murray, when it was found Mr. Murray was unable to attend; and Col. Hugh A. Kelly, who will help the Secretary with arrangements. The Secretary of State explained that Dr. Bush and Dr. Conant were on the atomic-energy committee on which he served last spring.

Mr. Byrnes explained that it was not a peace conference or a meeting of the Council of Foreign Ministers, but rather it was a meeting of the three Foreign Secretaries to be held in accordance with an agreement reached at Yalta, where it was thought that it would be very beneficial to the three Governments if there could be conferences between the three Foreign Secretaries at regular intervals to furnish the opportunity for an exchange of views about the matters pending at

that time. The Secretary pointed out that the three Foreign Secretaries had met first in February at Yalta, then at San Francisco during the United Nations Conference in May, at the Berlin Conference in July, when they were in daily conference, and subsequently in September at London. Mr. Byrnes said that on December 11 three months had expired since the last meeting, adding that his suggestion that the three Foreign Secretaries meet in accordance with the Yalta agreement was for the purpose of continuing this series of meetings. The Secretary revealed that it would be his purpose at the conference to ask that the next meeting of the Foreign Ministers be held in Washington three months from December 15.

Mr. Byrnes said that regarding the atomic bomb the purpose of this Government was to inform the Soviet Government of its proposals regarding atomic energy and to learn their views as to the appropriate procedures. He added that he wanted to discuss with the Soviet Foreign Minister the question of the commission suggested by the Anglo-American-Canadian statement, what views he would have about it, and how the Russians would cooperate in the establishment of the commission.¹ Pointing out that the Foreign Ministers do not expect to explore the scientific details and the substantive problems involved because that would be left for the commission to decide, the Secretary asserted that what this Government wants to do now is to secure the cooperation of the Soviet Union in the establishment of that commission.

INTERNATIONAL INFORMATION POLICY—Continued from page 953

ANNOUNCER: That was Sterling Fisher of NBC's University of the Air. He has been interviewing Assistant Secretary of State William Benton, William T. Stone, who will head the State Department's new international information organization, and Loy Henderson, Director of the Office of Near Eastern and African Affairs. The discussion was adapted for radio by Selden Meneff.

Next week we shall present the second of this new group of State Department broadcasts. Assistant Secretary Benton and Col. Alfred McCormack, Special Assistant to the Secretary of State, will discuss the question of a unified intelligence service.

This has been the forty-fourth in a series entitled "Our Foreign Policy", presented as a public service by the NBC University of the Air and broadcast to our service men and women, wherever they are stationed, through the facilities of the Armed Forces Radio Service. You can obtain printed copies of these broadcasts at 10 cents each in coin. If you would like to receive copies of 13 consecutive reprints, send \$1 to cover the cost of printing and mailing. Address your orders to the NBC University of the Air, Radio City, New York 20, New York. NBC also invites your questions and comments.

Kennedy Ludlam speaking from Washington, D.C.

¹ BULLETIN of Nov. 18, 1945, p. 781.

Specialized Intergovernmental Agencies

Comments on Their Place in the United Nations Organization

BY LOUIS K. HYDE, JR.¹

GENERAL SMUTS said at San Francisco that one of the main improvements of the United Nations Charter over the League of Nations Covenant is the greater emphasis on international economic and social cooperation.² Its importance was expressed by Mr. Stettinius when he emphasized the vital need for activity in this field to create a climate in which world peace and security can develop. In terms of organs of government it is especially notable in the United Nations Organization that the police power (the Security Council), the judiciary functions (the International Court), and the town meeting (the General Assembly) are reinforced by an impressive organization for the advancement of world-wide economic and social conditions—the Economic and Social Council.

It is significant that in the chapter of the United Nations Charter dealing with economic and social cooperation the first mention of definite functions is that "The various specialized agencies, established by intergovernmental agreement and having wide international responsibilities . . . shall be brought into relationship with the United Nations" through powers given to the Economic and Social Council. It is true that the League of Nations Covenant also provided that "international bureaux", either existing or organized later, should be "placed under the direction of the League". But, if there were no other difference than that the United Nations has a more unanimous support from the victorious powers than was the case with the League of Nations, there would be an improved prospect for successful relationships to be established with the various existing international agencies. A proper system of relationships between the United Nations Organization and the numerous agencies operating in various interna-

tional fields of human activity is of the greatest importance for the success for the United Nations Organization itself and for the creation and maintenance of stable conditions for world peace. Fortunately, the United Nations Charter itself goes much beyond the League Covenant in spelling out with considerable elaboration a system for relationship of intergovernmental agencies, existent or prospective. Indeed, mention is made that "arrangements for consultation" may be concluded even with non-governmental agencies and with private *national* organizations under certain conditions.

Of course, the Economic and Social Council will establish commissions to be an integral part of the United Nations central structure. The Executive Committee of the United Nations Preparatory Commission has recommended the creation of a Commission on Human Rights, an Economic and Employment Commission, a Temporary Social Commission, a Statistical Commission, and possibly a Demographic Commission on Population Trends, as well as a Temporary Transport and Communications Commission. However, it is contemplated that many broad fields of international activity will be handled not so much by these commissions as by the separate intergovernmental agencies, cited above, which have been "related" to the United Nations through the negotiation of an agreement between the individual agency and

¹ Mr. Hyde is an Assistant to Edward R. Stettinius, Jr., American representative on the Preparatory Commission of the United Nations. Mr. Hyde has been working recently with the Division of International Organization Affairs, Office of Special Political Affairs, Department of State, in the field of specialized intergovernmental agencies.

² For a comparison of the United Nations Charter with the Covenant of the League of Nations, see an article by Clyde Eagleton in the *BULLETIN* of Aug. 19, 1945, p. 263.

the United Nations Organization. Such organizations "having wide international responsibilities" are called "specialized agencies".

According to the report of the Executive Committee, it is contemplated at present that subjects such as the following will fall within the field of these agencies:

- Relief and rehabilitation
- Monetary cooperation and international investment
- Trade policies (including commodity problems and restrictive practices of private international agreements)
- Food and agricultural policies
- Labor, welfare, and related social questions
- Educational and cultural cooperation
- Health
- Certain transportation and communications activities

At the risk of oversimplifying, it may be useful to suggest that the Economic and Social Council of the United Nations, working under the General Assembly, constitutes principally a means of coordination, consultation, and recommendation, whereas the performance of many of the functions themselves will be detailed to the specialized agencies, carefully "related" to the United Nations Organization.

II

HENCE it is important to indicate the character of the relationship of a specialized agency to the United Nations structure. While the recent deliberations of the Executive Committee of the United Nations Preparatory Commission in London are subject to the review of the full Commission and of the General Assembly during the coming weeks, the trend of thinking seems to be along the following lines. Under the terms of the United Nations Charter, specialized agencies would be entitled to representation, without vote, at meetings of the Economic and Social Council. Likewise, the Council would be represented at important meetings of the agency. There would be full exchange of pertinent information and documents, and, in the case of an agency with headquarters elsewhere than at the seat of the United Nations, a liaison officer would be maintained by the agency at the latter point. Some delegations on the Executive Committee of the United Nations Preparatory Commission have suggested that the principal officer of the agency should be entitled to partici-

pate in a Coordination Commission of the Economic and Social Council, perhaps under the chairmanship of the Secretary-General of the United Nations or his deputy. The Council could propose items to be placed on the agenda of meetings of the agency, which would report to the Council and consult with it on action taken and on current status.

The agency might be asked to assist the Security Council in the application of measures short of the use of armed force for handling threats to the peace, breaches of the peace, or acts of aggression. These measures might include economic, communications, or other "sanctions". Assistance would also be given by the agency, when requested, to the Trusteeship Council. Again, the agency would be entitled to "request advisory opinions of the Court on legal questions arising within the scope" of its activities, and it would have the responsibility of furnishing to the Court "information relevant to cases before it", either on the request of the Court or on its own initiative.

Budgetary and financial relationships between the United Nations Organization and the agencies probably will vary considerably. In some instances these relationships may be so close that the General Assembly could vote a "consolidated budget"—containing schedules of funds for the agencies along with the general budget of the Organization. Other cases at once come to mind where any such consolidation would be impossible. For example, the International Bank for Reconstruction and Development and the International Monetary Fund will have income of their own, and the only items which might be comparable in other agencies or in the United Nations commissions would be such administrative expenses as salaries, office expenses, and other general expenditures of a recurring character. Nevertheless, in most cases the power of the General Assembly to "examine the administrative budgets" of specialized agencies and to "make recommendations" to the agencies respecting them can promote economy and efficiency. It is not intended to use this power of the General Assembly to control the policies of specialized agencies.

Operating economy and efficiency can also be served by the provision of common fiscal services—such as arrangements for the United Nations to notify countries which are members of specialized agencies regarding their respective quotas for payment to the agencies; arrangements for receiv-

ing payments, for administering special funds, for auditing, etc.; and common personnel policies, including standards of pay and provisions for exchanges of staff. A system for adjustment of taxation of international officials so as to result in comparable net salaries, and other provisions for harmonizing of "privileges and immunities", might also be part of the common arrangements. There would be a single administrative tribunal for the United Nations regarding employment terms, and a central statistical service for supplementing the facilities of the various agencies, meeting many of their requirements for statistics and minimizing duplication of requests to national governments and international agencies for statistical information. In most cases, location of headquarters of specialized agencies at the seat of the United Nations would have undoubted advantages, but it is recognized that exceptions might be made for certain agencies if some other location would better facilitate the discharge of their responsibilities.

III

THE United Nations Charter not only provides that existing agencies shall be brought into relationship with the United Nations and that the activities of these agencies may be coordinated, but it stipulates that the United Nations may encourage the creation of *new* agencies where the objectives of international economic and social cooperation would be promoted. To cover undeveloped fields of international cooperation and organization which are outside the scope of any existing agency, there are several possibilities for action, in addition to the creation of a new agency. First, an existing agency might be asked by the Economic and Social Council to undertake additional functions; second, the General Assembly might create a new "subsidiary organ" fully integrated in the United Nations structure; third, the Economic and Social Council might establish a new commission or committee of its own.

The main purpose of all these changes, of course, would be to see that the main fields of international human activity are adequately served, without duplication, economically, effectively.

The process of relating *regional* specialized agencies to *general* organizations dealing in the same field of activity, and to the United Nations, will be at once important and complex. While this question is not unrelated to the above discussion, it is a subject by itself.

Meeting of International Commission of the Rhine

[Released to the press December 12]

The United States is participating in the first post-war meeting of the International Commission of the Rhine River which began on December 12 at Strasbourg, France. This Commission is being convened as a result of an exchange of notes between the British, French, Belgian, Swiss, Netherlands, and United States Governments to reestablish international machinery to regulate navigation on the Rhine River and to promote the development of the river's resources.

The United States is represented on the Commission by Livingston T. Merchant, Minister-Counselor for Economic Affairs at the American Embassy in Paris. He is assisted by Russell S. McClure of the Department of State and Froelich G. Rainey, a member of Ambassador Murphy's staff at Berlin.

This meeting of the Rhine Commission is the first fruit of the proposal which President Truman submitted to the Potsdam conference last summer. At that time President Truman urged that the nations take immediate steps to establish provisional international commissions for each of the principal international waterways of Europe.

Secretary Byrnes offered a similar proposal at the meeting of the Council of Foreign Ministers in London in September as a constructive step to facilitate cooperation in the clearance of European waterways so that coal, food, clothing, and relief supplies might reach the needy people of Europe before winter made transportation even more difficult. The present procedure is deemed desirable in order that these avenues of commerce upon which so much of the trade of Europe moves do not become new sources of friction and impediments to reconstruction.

The meeting of this Commission marks a reestablishment of the principle of international regulation of waterways of concern to many nations which has been accepted for certain of the rivers for many decades in the past. All of the nations which border the Rhine or which have an immediate interest in its navigation or use are participating in this Commission.

The United States has joined at this time because of the fact that we have assumed responsi-

(Continued on next page)

Anglo-American Committee of Inquiry

STATEMENT BY THE PRESIDENT ON COMPOSITION AND FUNCTIONS

[Released to the press by the White House December 10]

The composition of the Anglo-American Committee of Inquiry, which was announced in Washington and London on November 13¹ and which will operate under a rotating chairmanship, will be as follows:

JOSEPH C. HUTCHESON, judge of the Fifth Circuit Court at Houston, Tex., *American chairman*

Sir JOHN E. SINGLETON, judge of the King's Bench Division of the High Court of Justice, London, *British chairman*

FRANK AYDELOTTE, formerly president of Swarthmore College; now director of the Institute for Advanced Study at Princeton, and American secretary of the Rhodes Trust

FRANK W. BUXTON, editor of the Boston *Herald*

WILFRED P. CRICK, economic adviser to the Midland Bank, London; formerly with the Ministry of Food

RICHARD H. S. CROSSMAN, Member of Parliament (Labor); formerly fellow and tutor of New College, Oxford, assistant editor of *New Statesman* and *Nation*, and Deputy Director of Psychological Warfare, A.F.H.Q., Algiers

RHINE COMMISSION—Continued from page 957

bility for the government and occupation of a part of Germany through which the Rhine flows.

The Rhine Commission has functioned continuously since 1868 except for brief periods when its work was interrupted by war. It is now being convened on a provisional basis until the interested nations can agree on a new treaty.

The purpose of the Rhine Commission is to correlate the activities of the various states concerned with the river, to assure existence of uniform navigation rules, to examine conditions of the river, to recommend engineering work to the riparian authorities for improving the channel, and to plan for the development of its resources. This latter feature of the Commission's work is especially important at this time when so much remains to be done in clearing the river of obstacles which have blocked it since hostilities took place there last winter.

O. MAX GARDNER, formerly Governor of North Carolina; now practicing law in Washington

Sir FREDERICK LEGGETT, until recently Deputy Secretary of the Ministry of Labor and National Services

Maj. REGINALD E. MANNINGHAM-BULLER, Member of Parliament (Conservative); a barrister

JAMES G. McDONALD, formerly chairman of the Board, Foreign Policy Association, High Commissioner for Refugees, and member of the editorial staff of the *New York Times*

Lord MORRISON (Robert Craigmyle, Baron Morrison), Member of Parliament (Labor)

WILLIAM PHILLIPS, formerly Under Secretary of State, Ambassador to Italy, personal representative of the President with the rank of Ambassador at New Delhi, and Delegate to the London Naval Conference, 1935

As announced by the two Governments on November 13, 1945, the terms of reference of the Committee will be as follows:

1. To examine political, economic, and social conditions in Palestine as they bear upon the problem of Jewish immigration and settlement therein and the well-being of the peoples now living therein.

2. To examine the position of the Jews in those countries in Europe where they have been the victims of Nazi and Fascist persecution, and the practical measures taken or contemplated to be taken in those countries to enable them to live free from discrimination and oppression and to make estimates of those who wish or will be impelled by their conditions to migrate to Palestine or other countries outside Europe.

3. To hear the views of competent witnesses and to consult representative Arabs and Jews on the problems of Palestine as such problems are affected by conditions subject to examination under paragraphs 1 and 2 above and by other relevant facts and circumstances, and to make recommendations to His Majesty's Government and the Government of the United States for *ad-interim* handling of these problems as well as for their permanent solution.

4. To make such other recommendations to His Majesty's Government and the Government of the

¹ BULLETIN of Nov. 18, 1945, p. 790.

United States as may be necessary to meet the immediate needs arising from conditions subject to examination under paragraph 2 above, by remedial action in the European countries in question or by the provision of facilities for emigration to and settlement in countries outside Europe.

The Governments of the United States and Great Britain urge on the Committee the need for the utmost expedition in dealing with the subjects committed to it for investigation and request that they may be furnished with its report within 120 days of the inception of the inquiry.

The procedure of the Committee will be determined by the Committee itself, and it will be open to it, if it thinks fit, to deal simultaneously through the medium of subcommittees with its various terms of reference.

EXCHANGE OF NOTES BETWEEN SECRETARY OF STATE AND BRITISH AMBASSADOR

[Released to the press December 14]

There follows the text of notes exchanged on December 10 between the Secretary of State and the British Ambassador relating to the establishment of a Joint Anglo-American Committee of Inquiry on Palestine and European Jews. The text of the notes is being released simultaneously in Washington and London.

DECEMBER 10, 1945.

EXCELLENCY:

I have the honor to inform Your Excellency, with reference to our conversations on the subject, that the Government of the United States agrees to constitute, in cooperation with the Government of the United Kingdom, a joint Anglo-American Committee of Inquiry with the following terms of reference.

1. To examine political, economic and social conditions in Palestine as they bear upon the problem of Jewish immigration and settlement therein and the well-being of the peoples now living therein;

2. To examine the position of the Jews in those countries in Europe where they have been the victims of Nazi and Fascist persecution, and the practical measures taken or contemplated to be taken in those countries to enable them to live free from discrimination and oppression and to make estimates of those who wish or will be impelled by their conditions to migrate to Palestine or other countries outside Europe;

3. To hear the views of competent witnesses and to consult representative Arabs and Jews on the problems of Palestine as such problems are affected

by conditions subject to examination under paragraphs 1 and 2 above and by other relevant facts and circumstances, and to make recommendations to the Governments of the United States and of the United Kingdom for an interim handling of these problems as well as for their permanent solution; and

4. To make such other recommendations to the Governments of the United States and of the United Kingdom as may be necessary to meet the immediate needs arising from conditions subject to examination under paragraph 2 above, by remedial action in the European countries in question or by the provision of facilities for emigration to and settlement in countries outside Europe.

The Committee should be composed of six nationals of the United States, appointed by the Government of the United States, and six nationals of the United Kingdom, appointed by the Governments of the United Kingdom, and shall operate under a rotating chairmanship.

The Governments of the United States and of the United Kingdom shall urge on the Committee the need for the utmost expedition in dealing with the subjects committed to it for investigation and shall request that they may be furnished with its report within 120 days of the inception of the inquiry.

The procedure of the Committee shall be determined by the Committee itself and it will be open to it, if it thinks fit, to deal simultaneously through the medium of subcommittees, with any of the subjects entrusted to its consideration.

Each Government shall be responsible for compensating its own members of the Committee and other personnel selected by it and for paying such other expenses as are not susceptible of being jointly shared by the two Governments. All other expenses of the Committee shall be borne jointly by both Governments in equal proportions.

Accept [etc.]

JAMES F. BYRNES

DECEMBER 10, 1945.

DEAR MR. SECRETARY,

I have the honour, under instructions from His Majesty's Principal Secretary of State for Foreign Affairs, to inform Your Excellency that His Majesty's Government in the United Kingdom are in agreement with the terms of your note of the 10th December about the Joint Anglo-American Committee of Enquiry to report on the position of the Jews in certain countries of Europe and in Palestine.

I have [etc.]

HALIFAX

The Reparation Settlement and the Peacetime Economy of Germany

STATEMENT BY THE DEPARTMENT OF STATE

[Released to the press December 12]

1. The determination of the amount and character of industrial capital equipment unnecessary for the German peacetime economy which is to be made by the Allied Control Council prior to February 2, 1946 has the limited purposes of eliminating the existing German war potential and deciding the volume of available reparation from the three western zones of occupation.

a. The task of the Allied Control Council is to eliminate German industrial capacity to produce finished arms, ammunition, implements of war, aircraft, and sea-going ships, either by removing such capacity as reparation or by destroying it, and to effectuate a drastic reduction in the capacities of the metallurgical, machinery, and chemical¹ industries. The present determination, however, is not designed to impose permanent limitations on the German economy. The volume of permitted industrial production of a peacetime character will be subject to constant review after February 2, 1946; and final Allied decisions regarding restrictions to be maintained on German industrial capacity and production will not be made until the framing of the peace settlement with Germany.

b. While reparation removals will undoubtedly retard Germany's economic recovery, the United States intends, ultimately, in cooperation with its Allies, to permit the German people under a peaceful democratic government of their own

choice to develop their own resources and to work toward a higher standard of living subject only to such restrictions designed to prevent production of armaments as may be laid down in the peace settlement.

2. It is in the interest of the United States to abide strictly by the terms of the Berlin Declaration,² which imposes a severe reparation obligation on Germany in order to:

a. weaken effectively the economic base from which war industry could be derived until a peaceful democratic government is firmly established in Germany;

b. provide material assistance to United Nations countries which have suffered from Nazi aggression and which now face tasks of rehabilitation and reconstruction from the damage of war;

c. insure that, in the recovery from economic chaos left by war in Europe, the aggressor nation, Germany, shall not reconstitute a peacetime standard of living at an earlier date than the countries ravaged by German arms.

3. The security interest of the United States and its Allies requires the destruction in Germany of such industrial capital equipment as cannot be removed as reparation and as can only be used for the production of armaments or of metallurgical, machinery, or chemical products in excess of the peacetime needs of the German economy. It is not, however, the intention of the United States wantonly to destroy German structures and installations which can readily be used for permitted peacetime industrial activities or for temporary shelter. It will evidently be necessary to destroy specialized installations and structures used in shipbuilding, aircraft, armaments, explosives, and certain chemicals which cannot be removed as reparation. Non-specialized installations and structures in the same fields may have to be destroyed in substantial part, if not desired as reparation, in cases of integrated industrial complexes the layout

¹ The phrases "machine industry" and "machine-manufacturing industry" in the Berlin Declaration should be interpreted broadly. The parallel language from J.C.S. 1067 covers machine-tool, automotive, and radio and electrical industries. It is suggested that the phrases should be interpreted to cover "metal-working industry", or, in British terminology, heavy and light engineering. The words "chemical industry" should be interpreted to include particularly that part of the industry which is devoted, or can be readily converted, to war production, and to exclude the potash and salt industries, which should be included with extractive industries.

² BULLETIN of Aug. 5, 1945, p. 157.

of which is such as substantially to facilitate re-conversion from peacetime to war purposes at some later date. Finally, in removing equipment from plants declared available for reparation, no consideration should be given to withholding portions of the equipment desired by a reparation recipient in order to retain remaining installations and structures in more effective condition for peacetime uses. Within these limits, however, the reparation and security policies of the United States are not designed to result in punitive destruction of capital equipment of value to the German peacetime economy.

4. For the purpose of determining the industrial capacity of the peacetime German economy thus eliminating its war potential—the real basis on which the amount and character of reparation removals are to be calculated—it should be assumed that the geographical limits of Germany are those in conformity with provisions of the Berlin Declaration, i.e. those of the Altreich, less the territory east of the Oder-Neisse line.

5. The Berlin Declaration furnishes as a guide to removals of industrial equipment as reparation the concept of a balanced peacetime German economy capable of providing the German people with a standard of living not in excess of the European average (excluding the United Kingdom and the Union of Soviet Socialist Republics). In the view of the Department of State the Berlin Declaration is not intended to force a reduction in German living standards except as such reduction is required to enable Germany to meet her reparation payments. In effect, the Berlin Declaration merely provides that Germany's obligation to make reparation for the war damage which her aggression caused to other countries should not be reduced in order to enable Germany to maintain a standard of living above the European average. The Department of State further interprets the standard-of-living criterion to refer to the year immediately following the two-year period of reparation removals. For the purpose of meeting this requirement, German industrial capacity after reparation removals should be physically capable of producing a standard of living equivalent to the European average, in, say, 1948. Given the difficult problems of administration and economic organization which the German peacetime economy will still face in 1948, it may be doubted that industrial equipment remaining in Germany at that time will

in fact produce at full capacity, so that the standard of living realized in Germany is likely for some time to fall short of the European average.

6. It may be assumed that the European standard of living in 1948 would approximate the average standard of living over the period 1930-38. If this assumption be adopted the German standard of living chosen as a basis for estimating industrial capital equipment to remain in Germany could be arrived at by use of German consumption data in a year in which the German standard of living as measured by national-income indices most closely approximated the 1930-38 average in Europe. The German consumption standard in the year selected should be subject to adjustments upwards or downwards to compensate for any over-all difference between the German standard in the year selected and the European average. Past consumption records defined as suggested above are meant only as a general guide. They would require the following further adjustments:

a. Provision for change in population between year selected and 1948.

b. Adjustment to allow for notable deviations in pattern of German consumption in selected year from normal pattern.

c. Allowance to enable the German people to make good, at reasonable rates of reconstruction, the wide-spread damage to buildings in Germany, and to the transport system as scaled down to meet the requirements of the German peacetime economy. It is suggested that sufficient additional resources beyond those required to provide the adjusted output of the selected year should be left to overcome the building shortage in 20 years and to effect repairs to structures on rail and road transport systems over 5 years.

d. Sufficient resources should be left to Germany to enable that country, after completion of industrial removals and reactivation of remaining resources, to exist without external assistance. This topic is more fully treated below.

7. In planning the peacetime German economy, the interests of the United States are confined to the industrial disarmament of Germany and to the provision of a balanced economic position at the standard of living indicated. The United States does not seek to eliminate or weaken German industries of a peaceful character, in which Germany has produced effectively for world markets, for the purpose of protecting American markets

from German goods, aiding American exports, or for any other selfish advantage. Similarly the United States is opposed to the attempt of any other country to use the industrial-disarmament plan of the Berlin Declaration to its own commercial ends at the expense of a peacetime German economy. It is our desire to see Germany's economy geared to a world system and not an autarchical system.

8. In determining the volume of removals for reparation purposes, the United States should not approve removals on such a scale that Germany would be unable, owing to a shortage of capital equipment, to export goods in sufficient quantities to pay for essential imports. Thus capacity should be left to enable Germany to produce for export goods which yield enough foreign exchange to pay for the imports required for a standard of living equal to the average in Europe, excluding the United Kingdom and the Union of Soviet Socialist Republics. In this connection, the following points should be stressed:

a. In determining the amount of capital equipment to be retained in Germany, provision need be made for capacity to produce exports sufficient to pay for estimated current imports. No allowance should be made in German export industry to provide capacity to pay for externally incurred occupation costs, including imports of goods consumed by forces of occupation, and troop pay not expended in Germany.

b. The provision in the Berlin Declaration which stipulates that in organizing the German economy "primary emphasis shall be given to the development of agricultural and peaceful domestic industries" requires that maximum possible provision be made for exports from sources other than the metal, machinery, and chemical industries.

c. It is implicitly recognized in the Berlin Declaration that the policy of industrial capital-equipment removals and the restriction of exports in the fields of metals, machinery, and chemicals will require countries which have previously depended on Germany as a source of these products to obtain them elsewhere. Since capacity in the metal, machinery, and chemical industries in excess of German peacetime needs is to be transferred to countries entitled to receive reparation from Germany, it is expected that the industrial capacity lost in Germany will after an interval be

recovered in large part elsewhere in the world, and for the most part in Europe. But it should be borne in mind that the industry removed from Germany will in the main replace industry destroyed by the Germans and will not be sufficient to meet the pre-war demand. It should be emphasized, however, that any effort toward industrial recovery in Germany must not be permitted to retard reconstruction in European countries which have suffered from German aggression.

d. In determining the amount of capacity required to strike an export-import balance, the United States and other occupying powers cannot in fact guarantee that the export-import balance will be achieved. Their responsibility is only to provide reasonable opportunity for the attainment of balance at the agreed minimum level of standard of living. In fixing the amount of industrial capacity necessary for export, the provision of margins of safety is unnecessary if Germany's export potential is estimated on a reasonable basis. It should be noted that, if resources are left to enable Germany to make good her war damage and depreciation in housing and transport over certain numbers of years as suggested in paragraph 5*d*, extension of the period in which such deficits are liquidated would in case of need make some additional capacity available for production of export goods.

9. The necessity which devolves upon the United States and other occupying powers to finance imports into Germany and possibly to pay for such imports in the next few years does not arise in the first instance from the policy of reparation removals agreed upon at Potsdam. The German economy was brought virtually to a standstill by Germany's defeat, which produced an almost complete break-down of transport, economic organization, administration, and direction. If no removals of industrial capital equipment were attempted, Germany would still require United Nations aid in financing and possibly in paying for minimum imports necessary to prevent disease and unrest. Even after substantial capital removals have been completed, it is doubtful that the German economy can operate for some time up to the limits of remaining industrial capacity, due to the limited availability of fuel, food, raw materials, and the slow progress which can be made in filling the gap left by the Nazis in the economic and political organization of Germany. It is possible,

and even likely, that the physical transport of reparation removals will limit transport capacity available for recovery of the German economy and for the expansion of exports. It is in this respect only, however, that the reparation policy laid down in the Berlin Declaration may require the United Nations to finance German imports for a longer period, or to pay for them in greater degree, than if no provision for reparation from Germany had been made.

10. During the next two years, the United States and other occupying powers must finance minimum essential imports into Germany to the extent that exports from stocks and current production do not suffice to cover the cost of such imports. Since the Berlin Declaration makes no provision with respect to the German standard of living in the period of occupation, the occupying powers are not obliged to provide imports sufficient for the attainment in Germany of a standard of living equal to the European average. The present standard of supply in Germany, so far as the United States is concerned, is still governed by the "disease and unrest" formula. Under the conditions set forth in paragraph 9, it will prove desirable to extend the type and volume of imports into Germany not only because of our interest in avoiding disease and unrest endangering our occupying forces but also because of our interest in reactivating selected German export industries which would yield a volume of foreign exchange, and as far as possible to repay the past outlays of the occupying powers on imports. If, when the time comes for the conclusion of a peace treaty with Germany, there remains a backlog of unpaid imports, the occupying powers will have to decide whether or not to impose on Germany an obligation to pay off the accumulated deficit.

11. For the immediate future, and certainly until next spring, military-government authorities should concentrate on the repair of transport, emergency repair of housing and essential utilities, and the maximization of coal and agricultural production. Some coal will of course be required in Germany to effect the minimum repairs of transport, housing, and utilities called for in existing directives. As long as coal and raw materials remain in short supply in Europe, however, it is United States policy to make them available in maximum quantities for the revival of industrial output in liberated areas. The maximization of coal exports in accordance with existing directives

will make it impossible to allocate within Germany coal sufficient to attain a significant volume of industrial production, and over the coming winter it will limit activity even in fields directly related to repair of transport, housing and utilities, and to agriculture. If and when the coal crisis in Europe is surmounted—perhaps by next spring—it will be possible to review the situation and ascertain whether larger amounts of German coal can be allocated for essential industrial production in Germany, and in particular for the selective reactivation of German export industries. The possibilities in this direction will depend not only on the satisfaction of coal requirements in liberated areas but also on the success of military-government authorities in raising German coal output and restoring the German transport system. Meanwhile military-government authorities should survey the fuel and raw-material requirements of German industries capable of supplying essential civilian goods and of manufacturing for export so that, as soon as coal and raw materials can be made available, a program for selective reactivation of remaining industrial capacity in Germany can get under way. In formulating this program, attempt must be made to give priority to industries, which, in relation to expenditures of fuel and raw materials, will contribute most toward striking an ultimate export-import balance in Germany, as well as to the satisfaction of the most pressing internal requirements of the German economy.

12. The role of the occupying authorities in the process of German revival should, in general, be that of providing and setting the conditions within which the Germans themselves assume responsibility for the performance of the German economy. To this end, the occupying authorities should devote primary attention in planning revival to the development of German administrative machinery, not only in the fields of intrazonal production and trade but in interzonal and international trade, and in the application of common policies in transport, agriculture, banking, currency, taxation, et cetera. As one aspect of this process, de-Nazification should be satisfactorily completed during the present period. For the rest, great importance attaches to the conclusion within the Allied Control Council of agreements governing policies to be followed in various aspects of the German economy enumerated, and devising interzonal German machinery for their application.

STATEMENT BY THE SECRETARY OF STATE¹

[Released to the press December 12]

The Department of State has formulated a statement of its economic policy toward Germany for the guidance of the United States occupying authorities and has transmitted that statement to the War Department and to the governments of the other occupying powers. The fundamental policy was, of course, laid down at Potsdam. The purpose of this statement is to make clear the American conception of the meaning of the Potsdam Declaration² as it bears on present and impending economic issues in Germany.

The position of Germany in the present world picture must be looked at broadly against the whole background of recent history. For six years Germany has ruthlessly imposed war and destruction on Europe and the world. The Nazis who ruled there for more than a decade are now defeated, discredited, and have been or are being rooted from positions of power. The final stages of war caused vast movements of Germans within their own country, and peace has permitted the return to their homes of millions of foreign laborers who had been enslaved in German mines and factories. The insistence of the Nazis on continuing the war to the bitter end caused enormous destruction to German cities, transport facilities, and other capital of the country. These are the basic reasons for the present position of Germany, a position for which the Germans themselves are primarily responsible. German industrial production will for some time be low and her people ill-fed even if there were no occupation and no reparations program.

The Potsdam Declaration involves three stages in the return of Germany to normal economic conditions. The first covers the German economy from the surrender of the armed forces last May to at least the end of the present winter. In this interval our broad purposes are to insure that our policy in Germany makes the maximum possible contribution to recovery in areas recently liberated from Germany and, positively, to set up a structure that will provide for the future recovery of Germany in conformity with the principles agreed at Potsdam.

Within these broad objectives four principal immediate aims are these:

First, to increase to the greatest possible extent the export of coal from Germany to liberated

areas. The rate of economic recovery in Europe depends upon the coal supplies available over this winter; and it is our intention to maintain the policy of hastening the recovery of liberated areas, even at the cost of delaying recovery in Germany.

Second, to use the months before spring to set up and to set into motion, in conjunction with our Allies, the machinery necessary to execute the reparations and disarmament programs laid down and agreed at Potsdam. A considerable part of the statement just issued is directed to making clear the technical basis on which we believe the reparations calculation should be made. This calculation, which requires definition of the initial post-war German economy, must be completed before February 2, 1946.

Third, to set up German administrative agencies which would operate under close policy control of the occupying authorities in the fields of finance, transport, communications, foreign trade, and industry. Such agencies, explicitly required by the terms of the Potsdam agreement, must operate if Germany is to be treated as an economic unit, and if we are to move forward to German recovery and to the eventual termination of military occupation.

Fourth, to prevent mass starvation in Germany. Throughout Europe there are many areas where the level of diet is at or close to starvation. In terms of world supply and of food shipments from the United States, liberated areas must enjoy a higher priority than Germany throughout this first post-war winter. The United States policy, in collaboration with its Allies, is to see that sufficient food is available in Germany to avoid mass starvation. At the moment the calory level for the normal German consumer has been established at 1,550 per day. This requires substantial imports of foodstuffs into Germany, especially of wheat; and for its own zones of Germany and Berlin the United States is now importing wheat to achieve this level. The bulk of the German population has been eating more than 1,550 calories daily, either because they can supplement the ration from foodstuffs available in the countryside, or because their work justifies a ration level higher than that of the normal consumer, as in the case of coal min-

¹ Made on the occasion of the issuance of the preceding statement by the Department of State on reparation settlement.

² BULLETIN of Aug. 5, 1945, p. 153.

ers. In the major cities, and especially Berlin, however, a food problem exists and is particularly severe during the winter months. One thousand, five hundred and fifty calories is not sufficient to sustain in health a population over a long period of time, but as a basic level for the normal consumer it should prevent mass starvation in Germany this winter. If a higher level for the normal consumer is judged to be required and if it is justified by food standards in liberated areas, the ration level in Germany may be raised by agreement among the four occupying powers.

In short, this will be an exceedingly hard winter for Germany, although only slightly more difficult than for certain of the liberated areas. A softening of American policy toward the feeding of German civilians and toward the allocation of coal exports from Germany, while it would ease the difficult task of the four occupying authorities, could largely be at the expense of the liberated areas. We are, however, constructively preparing for the second stage in German economic policy, which should begin some time next spring.

In this second stage it is envisaged that Germany will gradually recover. Simultaneously with the removal of plants under reparation, plants will be earmarked for retention; and, as fuel and raw materials become available, German industry which is permitted to remain will be gradually reactivated and the broken transport system revived. Although coal exports from Germany will continue, the probable expansion in coal output should permit larger allocations in coal to the German economy, after the end of the winter. German industrial production will then increase and German exports should begin to approach a level where they can finance necessary imports and gradually to repay the occupying powers for their outlays in the present emergency period.

The third stage of economic development will follow after the period of reparation removals which under the terms of the Potsdam Declaration must be completed by February 2, 1948. The resources left to Germany at that time will be available to promote improvement of the German standard of living to a level equal to that of the rest of continental Europe other than the Soviet Union and the United Kingdom. Housing and transport will recover more rapidly than in the previous stages of economic development. In general, the German people will during this period recover control over their economy subject to such

residual limitations as the occupying powers decide to impose. These limitations, which will be determined by agreement among the occupying powers, should, in the opinion of this Government, be designed solely to prevent German rearmament and not to restrict or reduce the German standard of living.

In all these stages it must be borne in mind that the present occupying powers, as well as many other nations, have suffered severely from German aggression, have played a large role in the German defeat, and have an enduring interest in the post-war settlement of Germany. The settlement agreed at Potsdam requires the shifting of boundaries in the East, and the movement of several million Germans from other countries. That settlement also requires, in the interests of European rehabilitation and security, the removal from Germany of a large part of the industrial war-making capacity, which never served the German civilian but which, from 1933 on, served to prepare for war and to make war. In the words of the Potsdam Declaration:

"It is not the intention of the Allies to destroy or enslave the German people. It is the intention of the Allies that the German people be given the opportunity to prepare for the eventual reconstruction of their life on a democratic and peaceful basis. If their own efforts are steadily directed to this end, it will be possible for them in due course to take their place among the free and peaceful peoples of the world."¹

Merchant Shipping

Termination of United Maritime Authority Accession by Yugoslavia

The United Maritime Authority (UMA) established by the Agreement on Principles Having Reference to the Continuance of Co-ordinated Control of Merchant Shipping² will terminate March 2, 1946 in accordance with the decision of the delegates of the five member nations of the UMA setting September 2, 1945 as the date for "the general suspension of hostilities" and the date beginning the last six months of the UMA's authority over world merchant shipping. Article 9 of the agreement on principles, which was signed at London August 5, 1944, states that "The foregoing principles shall take effect on the coming into operation

¹ BULLETIN of Aug. 5, 1945, p. 154.

² BULLETIN of Oct. 1, 1944, p. 358.

of the central authority, and shall remain in effect for a period not extending beyond six months after the general suspension of hostilities in Europe or the Far East, whichever may be the later, unless it is unanimously agreed among the Governments represented on the duly authorized body of the central authority that any or all of the agreed principles may be terminated or modified earlier."

The central authority established pursuant to the agreement on principles came into operation on May 24, 1945, in accordance with article 7 (a) of the agreement and article 14 of the annex thereto. Article 7 (a) provides in part: "In order that the allocation of all ships under United Nations control may continue to be effectively determined to meet the requirements of the United Nations, a central authority shall be established, to come into operation upon the general suspension of hostilities with Germany." Article 14 of the annex provides, in part, that: "The Governments of the United States and the United Kingdom shall be responsible, in consultation with the other contracting Governments concerned, for determining the date of coming into operation of the central authority in accordance with paragraph 7 (a) of the Agreement on Principles."

The accession by the Government of Yugoslavia to the agreement on principles was effective October 10, 1945.

Commercial "Modi Vivendi"

Venezuela-Chile; Venezuela-Brazil

The American Ambassador at Caracas has informed the Secretary of State of the extension of the commercial *modi vivendi* between Venezuela and Chile and between Venezuela and Brazil.

The *modus vivendi* with Chile, originally signed October 11, 1941, was continued in force for an additional year from November 5, 1945 by an exchange of notes on that date at Caracas. In general, the agreement contains reciprocal provisions for unlimited and unconditional most-favored-nation treatment as regards customs duties and formalities, assurances of equitable treatment in respect to quotas and other import restrictions, and an undertaking by each of the contracting parties to promote the development of trade between the two countries.

The *modus vivendi* with Brazil, originally signed on June 11, 1940, was continued in force for an

additional year from September 27, 1945 by an exchange of notes on that date at Caracas. Under provisions of the original *modus vivendi* of June 11, 1940, imports of Venezuelan products into Brazil were accorded the benefits of the Brazilian minimum tariff, while those of Brazilian origin imported into Venezuela were accorded general most-favored-nation treatment in respect to customs matters.

Publications

of the DEPARTMENT OF STATE

For sale by the Superintendent of Documents, Government Printing Office, Washington 25, D. C., who is the authorized distributor of Government publications. To avoid delay, address requests direct to the Superintendent of Documents, except in the case of free publications, which may be obtained from the Department of State.

***Proposals for Expansion of World Trade and Employment.** Publication 2411. iv, 28 pp. 10¢.

Developed by a technical staff within the Government of the United States in preparation for an international conference on trade and employment and presented for consideration by the peoples of the world; contains analysis and text of proposals.

***Treaty Developments, 1944.** Publication 2408. iv, 36 pp. 10¢.

A compilation of data regarding signatures, ratifications, adherences, renewals, terminations, withdrawals, or other developments which occurred in 1944 with regard to treaties and other international agreements in force or pending with respect to the United States.

***Exchange of Specialists and Distinguished Leaders in the Western Hemisphere.** By Francis J. Colligan, Head of Leaders and Professors Section, American Republics Branch, Division of Cultural Cooperation, Department of State. Inter-American Series 27. Publication 2414. 14 pp. 5¢.

Feature of the program of the Department of State in cooperation with the governments of the other American republics for the promotion of better understanding among the peoples of the Western Hemisphere.

The Record of the Week

International Meetings

CALENDAR OF EVENTS

Far Eastern Advisory Commission
 Reparation Conference
 Preparatory Commission of the United Nations
 Anglo-American Committee of Inquiry
 Geodesy and Geophysics Conference: Executive Committee
 International Commission of the Rhine River¹
 Inland Transport Committee of International Labor Organization
 Meeting of Foreign Secretaries:² Great Britain, Soviet Union, and the United States
 Twenty-seventh Session of the International Labor Conference
 Educational, Scientific and Cultural Organization of the United Nations³
 Executive Committee of Preparatory Commission
 Technical Subcommittee on Educational Reconstruction
 Maritime Preparatory Technical Conference
 International Whaling Conference
 Bermuda Telecommunications Conference⁴
 International Council of Scientific Unions: Executive Committee
 Coal Mining Committee of International Labor Organization

Washington	October 30 (continuing in session)
Paris	November 9 (continuing in session)
London	November 24 (continuing in session)
Washington	December 10 (continuing in session)
London	December 10 (continuing in session)
Strasbourg	December 12 (continuing in session)
London	December 13 (continuing in session)
Moscow	December 15 (continuing in session)
Paris	October 15–November 5
London	November 1–16
London	December 3
London	November 23–December 4
Copenhagen	November 15–December 1
London	November 20–26
Bermuda	November 21–December 4
London	December 4–5
London	December 5–12

COMMENTS AND DEVELOPMENTS

The Far Eastern Advisory Commission. Thomas D. Blake, press officer for the FEAC and Assistant to Mr. McDermott (Special Assistant to the Secretary of State for Press Relations), said on December 6 that members of the FEAC have transmitted to their governments the outline of policy toward Japan which they believe should be followed. He disclosed that the representatives of nine nations besides the United States had accepted the document, which was prepared by a policy committee headed by Australian Foreign Minister Evatt. Several delegates, however, said they accepted it with "technical reservations" because their action must be confirmed by their home governments. Mr. Blake said that a reply from all nations was expected by next week when the Commission is scheduled to meet again prior to leaving for an inspection of Japan.

On December 13 the Commission met and discussed details of their trip to Japan. Mr. Blake explained that,

in view of the make-up of the Commission, a great many of the delegates, including the ambassadors, would not go to Japan, but would remain in Washington. Therefore, he added, they have decided that the Commission would continue to operate in Washington while the remaining delegates are visiting Japan. With that in view, Mr. Blake continued, they set up the following six committees with chairmen and alternates so that one can be in Japan and one here: (1) Basic Policies and Objectives—chairman, Sir Frederic Eggleston of Australia (Dr. Evatt had been chairman); alternate, Jonkheer O. Reuchlin of the Netherlands; (2) Economic Problems and Reparations—chairman, Sir George Sansom of Great Britain; alternate, Erle R. Dickover of the United States; (3) Strengthening of Democratic Processes—chairman, J. S. Reid of New Zealand; alternate, Dr. W. Wejer of the Netherlands; (4) Constitutional Reform—chairman, Sir Girja Shankar Bajpai of India; alternate, Herbert Norman of Canada; (5) War Criminals—chairman, Dr. Liu Shih-Shun of China; alternate, Manuel A. Adeva of the Philippines; and (6) Aliens in Japan—chairman, Francis Lacoste of France; alternate, T. T. Mar of China. Disclosing that the Commission expects to meet next week, Mr. Blake said that there is a possibility that they will hear from Edwin C. Pauley, chairman of the Reparations Committee, which is now in Japan; Ambassador Pauley expects to be back in

¹ See page 957.

² See page 954.

³ The Final Act of the Conference, the text of which was printed in the BULLETIN of Nov. 18, 1945, p. 801, was signed on Nov. 18.

⁴ For text of the telecommunications agreement, see p. 976.

this country next week. He added that the Commission also expects to meet again with Maj. Gen. John Hildring, Chief of the Civil Affairs Department of the War Department.

On December 12 Mr. Blake announced that the Commission would fly to Hawaii, where they would board a Navy command ship for Japan December 28. On December 13 he disclosed that two members of the Pauley commission would join members of the FEAC at Hawaii and go with them to Tokyo.

The Preparatory Commission of the United Nations, which reconvened on November 24, continues to meet in London. It hopes to terminate its work before Christmas. The first part of the first session of the General Assembly is planning to convene in London on January 10, 1946. Two of the Commission's eight technical committees, those on the League of Nations and the Economic and Social Council, concluded their work during the week of December 7-14, and the work of a third, the Committee on Court and Legal Problems, is virtually complete. On December 15 the Commission voted 30 to 14, with 6 countries abstaining, to place the site of the United Nations headquarters in the United States.

The Executive Committee of the Preparatory Commission, consisting of representatives of Australia, Brazil, Canada, Chile, China, Czechoslovakia, France, Iran, Mexico, Netherlands, Union of Soviet Socialist Republics, United Kingdom, United States of America, and Yugoslavia, which held its first meeting in London on August 16, presented its final report at the first business meeting of the Preparatory Commission on November 26.

Inland Transport Committee. To study broad problems of working conditions and social policy in inland transport, a second industrial committee convened in London on December 13 for a meeting expected to last one week. The two delegates representing this Government are: William J. Patterson, Interstate Commerce Commissioner, and E. F. Penrose, special assistant, American Embassy, London. The employers' representative is Walter W. Belson of the American Trucking Association, and the workers' representatives are A. E. Lyon of the Railway Labor Executives' Association and Edward W. Staley, District Deputy of National Marine Engineers' Beneficial Association.

The Meeting of the Foreign Secretaries will provide an opportunity to the British, American, and Soviet Governments for informal and exploratory discussions on a number of matters of current concern to the three countries and also for an exchange of views on the subject of the control of atomic energy.

International Labor Conference. The Twenty-seventh Session of the International Labor Conference convened at the Sorbonne in Paris on October 15 and was concluded on November 5.

The United States Government's delegates were: Frances Perkins, formerly Secretary of Labor, and Elbert D. Thomas, United States Senator from Utah. The advisers were: Mary T. Norton, chairman of the Labor Committee of the House of Representatives; Carter Goodrich, of Columbia University; Katharine F. Lenroot, Chief of the Children's Bureau, Department of Labor; Clara M.

Beyer, Assistant Director, Division of Labor Standards, Department of Labor; Ralph J. Bunche, Associate Chief, Division of Dependent Areas, Department of State; Walter M. Kotschnig, Associate Chief, Division of International Organization Affairs, Department of State; and William L. Connolly, Commissioner of Labor of the State of Rhode Island. Otis E. Mulliken, Chief of the Division of International Labor, Social and Health Affairs, served as consultant on State Department policy.

The conference work centered upon the adoption of constitutional amendments to separate the ILO from the League of Nations and assure its authority to exist independently in the event of the dissolution of the League. One amendment confers the right of automatic membership in the ILO to any member of UNO which accepts the responsibilities of membership. A resolution was adopted on the Maintenance of High Levels of Employment during the Period of Industrial Rehabilitation and Reconversion. A recommendation was adopted concerning young workers which constitutes a Children's Charter. Another far-reaching recommendation concerns Minimum Standards of Social Policy in Dependent Territories.

The Governments of Italy, Iceland, and Guatemala were re-admitted to membership. Representatives of 48 member states attended the Conference and observers from three members of UNO which do not hold membership in the ILO attended by invitation. In an almost unprecedented step the Conference refused to accept the credentials of the individual designated to represent Argentine workers on the ground that he had not been properly chosen under ILO constitutional provisions.

In the election of members of the Governing Body for the next three years, Robert J. Watt was reelected a workers' member of the Governing Body and David Zellerbach an employers' member. This Government is automatically represented as one of the eight states of chief industrial importance occupying permanent seats.

At the ninety-seventh session of the Governing Body, which immediately followed the Conference, Mr. Zellerbach was elected employers' vice chairman of the Governing Body to succeed Sir John Forbes-Watson of the United Kingdom; Leon Jouhaux of France was elected workers' vice chairman to succeed Joseph Hallsworth of the United Kingdom; and Guildhaume Myrddin-Evans of the United Kingdom was elected chairman to succeed Carter Goodrich of the United States.

Executive Committee of Preparatory Commission of UNESCO. At the meeting in London on December 3 the British Minister of Education, Ellen Wilkinson, was elected chairman, and Professor Chen Yuan, delegate from China, and Bernard Drzewieski, delegate from Poland, were elected vice chairmen. Sir Alfred Zimmern was selected as Provisional Executive Secretary. The rules of procedure were considered and adopted and there was general consideration of the resolution passed on to the Preparatory Commission by the United Nations Educational and Cultural Conference and the work which needed to be done by the Preparatory Commission before the convening of the general conference and the establishment of UNESCO. The plan of work for the Executive Committee was considered, and proposal was made that special subcommittees be set up to deal with the different

problems. It was decided, however, unwise to proceed in this matter, at least at the time being. Hence the following resolution was passed calling for suggestions by the various governments and agencies indicating a plan of procedure:

"That delegations and secretariat put forward by January 15 concrete proposals for the program of UNESCO in the field of education, science and technology, humanities (including fine arts) and social sciences, and mass communication, as basis for discussion by Preparatory Commission or Executive Committee meeting in early February, and that decision be made at that time as to what committee organization would best advance the work of the Preparatory Commission."

Accordingly, the Preparatory Commission of UNESCO will meet in early February to receive the reports from the secretariat and from the various governments and to plan the work in detail in preparation for the meeting of the general conference.

Maritime Preparatory Technical Conference. Representatives of nearly 20 maritime nations met at Copenhagen from November 15 to December 1 to make the necessary technical preparations for the Maritime Session of the International Labor Conference. Because of housing conditions, the Danish Government made provisions for the delegates in a merchant ship taken over for the purpose. Meetings were at the Royal Theater.

The United States Government delegate was A. Ford Hinrichs of the Department of Labor, with the following advisers: Congressman Henry M. Jackson, House of Representatives; Commodore H. C. Sheppard, United States Coast Guard; L. James Falck, Shipping Division, Department of State; Charles W. Sanders, War Shipping Administration; Erick Nielsen, War Shipping Administration; and Merrill Murray of the United States Group Control Council, Berlin.

The United States employers' delegate was M. S. Pennington of the National Federation of American Shipping, with A. C. Kemp, United States Lines, London, as adviser.

Workers' delegate for the United States was M. Hedley Stone of the National Maritime Union (CIO). His advisers were Andrew MacDonald, Marine Division of the Commercial Telegraphers Union, Baltimore, Md., and Frederick N. Myers of the National Maritime Union, New York, N. Y. Technical expert to the American Delegation was John L. Salter of the House of Representatives. L. James Falck of the Department of State served as secretary.

The agenda item agreed upon by the Preparatory Conference for the 1946 Maritime Session covers almost all aspects of maritime employment. The invitation of the United States Government that the session be held at Seattle, Wash., was accepted. The date is tentatively set for May 30.

An International Whaling Conference was held in London beginning on November 20 to discuss what modifications in the International Whaling Agreement of 1937 might be desirable with respect to the 1946-47 whaling season. The Conference was attended by representatives of Denmark, France, Mexico, the Netherlands, Norway, and the United States of America, and of the Dominions of Australia, Canada, Newfoundland, New Zealand, the

Union of South Africa, and of the United Kingdom. On November 26 a protocol supplementary to the existing agreement of 1937 as amended was signed. The representatives of the United States attending this Conference were:

Delegates—Ira N. Gabrielson, Director of the Fish and Wildlife Service, Department of the Interior and Remington Kellogg, Curator of Mammals, Smithsonian Institution; technical advisers—Donald D. Kennedy, Chief, International Resources Division, Department of State; John M. Allison, First Secretary, American Embassy, London; William E. S. Flory, International Resources Division, Department of State; Charles I. Bevans, Division of Research and Publication, Department of State; H. J. Deason, Fish and Wildlife Service, Department of the Interior; Commander James D. Cralk, United States Coast Guard.

ILO Coal Mining Committee. The first tripartite industrial committee of the ILO, established in pursuance of Governing Body action last winter, convened in London on December 5 for a session of a week. The Delegation from the United States included Witt Bowden, labor economist of the Department of Labor, and George A. Lamb, Bureau of Mines, Department of Interior, as Government delegates. Employers' representatives were Robert T. Koenig of Ayrshire Collieries Corporation, Indianapolis, Ind.; and H. J. Connolly, Pennsylvania Coal Company, Scranton, Pa. Representing the workers of the United States were Thomas Kennedy and John T. Jones, both of the United Mine Workers of America, Washington.

The Charter of the United Nations. The Netherlands Ambassador deposited with the Department of State on December 10, 1945 the instrument of ratification of the Charter of the United Nations by the Government of the Netherlands. This action makes a total of 46 nations that have deposited instruments of ratification of the Charter. The Charter came into force on October 24, 1945, when the twenty-ninth instrument of ratification was deposited with the Department of State. For a chart on action taken on the Charter as of November 16, 1945, see BULLETIN of November 18, 1945, p. 818.

Bretton Woods Agreements. Arrangements are being made for the signing of the Bretton Woods agreements on December 27, 1945 on behalf of the United States and of such other countries signatory to the Final Act of the United Nations Monetary and Financial Conference as are prepared to sign the Fund and Bank agreements on that date.

International Civil Aviation Agreements. The Minister of the Union of South Africa informed the Secretary of State by separate notes received in the Department of State on November 30 that the signatures affixed to the interim and transit agreements on behalf of the Union of South Africa shall constitute an acceptance of those agreements and an obligation binding upon it. For a chart showing the status of the civil-aviation documents as of November 23, 1945, including the Interim Agreement on Civil Aviation, the International Air Services Transit Agreement, and the International Air Transport Agreement concluded at Chicago on December 7, 1944, see BULLETIN of November 25, 1945, p. 873.

Trade Negotiations Proposed

[Released to the press December 13]

The Department of State has sent invitations to the following countries to participate in negotiations sometime next spring for the reduction of trade barriers: Australia, Belgium-Luxembourg, Brazil, Canada, China, Cuba, Czechoslovakia, France, India, Netherlands, New Zealand, South Africa, Union of Soviet Socialist Republics, United Kingdom.

This preliminary meeting would be held prior to the general international conference on trade and employment which it is hoped may be convened for next summer.

This preliminary meeting, if it occurs, will have two purposes: (1) to prepare projects for consideration by the general conference, and (2) to negotiate agreements among the participating countries for the reduction of governmental barriers to trade.

The latter agreements, so far as the United States is concerned, would be negotiated under the Reciprocal Trade Agreements Act.

Those invitations have just been sent, and there has not yet been time for any of the countries concerned to reply to them. It is therefore not now possible to say what countries will participate or where the meeting or meetings will occur or when they will occur.

If and when the other countries concerned indicate their readiness to participate in negotiating with the United States for the reduction of trade barriers, the usual formal notice of intention to negotiate trade agreements will be published, and hearings will be called before the Committee for Reciprocity Information for the presentation of the views of all interested persons both as to concessions which may be sought from the United States and as to those to be asked from the other countries concerned.

Allied Missions Depart From Greece

[Released to the press December 12]

Announcement issued to the Greek press on the occasion of the departure of the Allied missions on December 9, 1945

The Allied missions which arrived in Athens last week have consulted with the Greek Government respecting arrangements for the conduct of their observation. They have also visited Salonika and Patras and have consulted with the Governor and Secretary General of Crete. They have met representatives of the main political parties and received from them their views.

The missions have prepared preliminary plans to organize the observation, and are leaving Athens on Sunday the ninth of December. They wish to express their keen appreciation of the kindly reception which they have received and for the helpfulness shown them by the ministers and officers with whom they have consulted. They look forward to their return, when they hope that the observation work which they are able to perform will be of assistance to the Greek Nation in carrying through the very important elections which are due to take place.

Investigation of the Ambursen Engineering Corporation's Activities in Ecuador

[Released to the press December 13]

An inquiry has been received by the Department concerning the cancellation by the Ecuadoran Government of a road-building contract between it and the Ambursen Engineering Corporation. The Ecuadoran Government has declared that the company in question was involved in a plot designed to overthrow that Government.

The Department of State a few weeks ago first received the report connecting the company with such a plot. It immediately undertook an investigation of the case, during which the secretary of the company was requested to call at the Department for a discussion of the matter, which he did on November 16 last. He was informed of the views of this Government with respect to political activity on the part of American firms and citizens operating in the other American republics. The results of the Department's investigation completely justified its action in emphasizing to the company official its policy regarding such political activity. A statement of this policy was made public by the Department on November 28, 1945 and contains the following paragraph:¹

"The Department of State disapproves of and opposes most strongly any interference or participation by American businessmen or companies in the local political affairs of the other American republics. Such activities are bad for American business and inevitably create serious problems which complicate international relations. The position of the Department is that any American citizen, organization, or company engaging in such political activities, including the making of campaign contributions, directly or indirectly, whether in the firm's name or by an American citizen as an individual, will forfeit such assistance from the Department or from our diplomatic missions abroad as they might otherwise expect and be entitled to. On the other hand, the Department and American diplomatic and consular officers abroad will extend 100 percent cooperation in protecting the legitimate rights and in advancing the legitimate interests of American business."

American diplomatic and consular officers in the other American republics were given instructions at the same time to be guided by the policy outlined in the statement of November 28.

Mark Ethridge Returns From Europe

The Secretary of State announced at his press conference on December 11 that Mark Ethridge had returned from Europe and that he had filed a report.² Mr. Byrnes said that he had determined not to make the report public at this time, adding that he would take the report to Moscow with him and possibly use it in a discussion with the Foreign Ministers of the United Kingdom and the Soviet Union.

¹ For complete statement, see BULLETIN of Dec. 2, 1945, p. 897.

² BULLETIN of Nov. 11, 1945, p. 767.

Agreement by the Governments Represented at the Bermuda Telecommunications Conference 1945

[Released to the press December 11]

The Delegations of the Governments of the United States of America, the United Kingdom of Great Britain and Northern Ireland, Canada, Australia, New Zealand, Union of South Africa, India, and Southern Rhodesia, assembled in Conference in Bermuda from November 21 to December 4, 1945, have reached agreement as follows:

ARTICLE I. RADIOTELEGRAPH CIRCUITS

SECTION 1. EXISTING DIRECT RADIOTELEGRAPH CIRCUITS

(i) *United Kingdom*: The circuits between the United States and the United Kingdom shall be retained, subject to examination as to the number required and to consultation between the two Governments before any of these circuits is discontinued.

(ii) *Australia, New Zealand and India*: One circuit shall be retained between the United States and each of these countries.

(iii) *Bermuda*: Both circuits between the United States and Bermuda may be retained, subject to the agreement of the Government of Bermuda.

(iv) *The Gambia, the Gold Coast and British Guiana*: The circuits between the United States and these British Colonies shall be discontinued.

SECTION 2. NEW DIRECT RADIOTELEGRAPH CIRCUITS

(i) *South Africa*: The Governments of the United States and of the Union of South Africa shall promptly undertake a joint study to determine whether traffic and other conditions justify the establishment of a direct circuit between the two countries.

(ii) *Jamaica*: One direct circuit shall be established between the United States and Jamaica, subject to the agreement of the Government of Jamaica.

(iii) *Palestine*: One direct circuit shall be established between the United States and Palestine, subject to the agreement of the Palestine Government.

(iv) *Ceylon, Federated Malay States (Singapore) and Hong Kong*: The Government of the United Kingdom in consultation with the authorities of the territories concerned, shall undertake a study to determine whether traffic or other conditions warrant the establishment of direct circuits between the United States and Ceylon, the Federated Malay States (Singapore) and Hong Kong respectively.

SECTION 3. GENERAL CONSIDERATIONS

The signatory Governments agree to present, for the consideration of the next International Telecommunications Conference, a statement, along the lines set forth in Annex A, relating to the general factors governing the establishment of direct radiotelegraph circuits.

SECTION 4. EXCLUSIVE ARRANGEMENTS

The signatory Governments shall neither support nor approve efforts by telecommunications companies subject to their respective jurisdictions to prevent or obstruct the establishment of direct circuits between the United States or British Commonwealth points and other countries, and will take such steps as may be appropriate to discourage any such efforts.

SECTION 5. TRANSIT TRAFFIC

The traffic normally handled over direct radiotelegraph circuits shall be restricted to traffic originating in and destined for the countries between which the circuits are operated. This does not preclude the use of such circuits as "voies de secours" in emergency. Transit traffic may be handled over direct radiotelegraph circuits in any case where it is agreed that it would otherwise be subject to excessive delay.

ARTICLE II. TELEGRAPH RATES

SECTION 6. CEILING RATES

(i) The ceiling rate between the United States on the one hand and the countries of the British Commonwealth on the other shall be 30 cents or 1s. 6d. per ordinary full rate word.

(ii) The ceiling rate between the United States on the one hand and the countries of the British Commonwealth on the other shall be 20 cents or 1s. per word for code (CDE) telegrams.

(iii) For categories of telegrams charged at lower rates, the existing international proportions of the ordinary rate shall be maintained.

(iv) These arrangements shall not involve any increase in existing rates.

SECTION 7. PRESS RATES

(i) The ceiling rate for press traffic between the United States and the countries of the British Commonwealth shall be 6½ cents or 4d. per ordinary word. No rate already below this ceiling of 6½ cents or 4d. per word shall be increased.

Note: The existing press rate within the British Commonwealth of 1d. per ordinary word may be extended to press traffic between the countries of the British Commonwealth and any other country.

SECTION 8. TERMINAL AND TRANSIT CHARGES

(i) The terminal and transit charges for traffic to which the ceiling rate of 30 cents or 1s. 6d. per ordinary full rate word applies shall be uniform.

(ii) For the purposes of applying these charges countries shall be classified in two categories, as follows:

(a) Countries of extensive area, such as Canada, Australia, India, South Africa, and the Continental United States.

(b) All other countries.

(iii) For traffic to which the ceiling rate applies, the terminal and transit charges for an ordinary full rate word shall be:

(a) A terminal charge of 4 cents or 2½d. for countries in category (a) and 2½ cents or 1½d. for countries in category (b).

(b) A transit charge of 3½ cents or 2d. for countries in category (a) and 1½ cents or 1d. for countries in category (b).

(iv) Terminal and transit charges for other classifications of traffic shall be proportional to the charges collected.

(v) No terminal or transit charge shall exceed the charges prescribed in paragraphs (iii) and (iv) above. Subject to this provision, existing terminal and transit charges at rates below the proposed new ceiling shall be maintained pending review by the interested parties.

(vi) Terminal and transit charges shall be regarded as payments for services rendered. The terminal charges are payable for traffic originating in or destined for a country. The transit charges are payable for traffic carried across the territory of a country for onward transmission beyond that country. All terminal and transit charges shall be included in the ceiling rate and shall not be additional thereto.

(vii) These arrangements shall not involve any increase in existing terminal and transit charges.

Note: Provided the charges accruing to the other international carriers are not affected, the division of the charges between an international carrier and its corresponding domestic carrier shall be of no concern to the other international carriers.

SECTION 9. DIVISION OF TOLLS

(i) In the case of direct radiotelegraph circuits, the portion of the tolls remaining after deduction of terminal and transit charges shall be divided equally between the transmitting and receiving organizations.

(ii) Reductions in payments for services over indirect routes resulting from the introduction of reduced rates shall be borne by those concerned in the same proportion as the present charges now divided.

(iii) The application of paragraphs (i) and (ii) of this Section to existing contracts and the specific arrangements to give effect shall be considered by the parties concerned.

SECTION 10. CURRENCY

In view of the fact that the gold franc system of telegraph charges and accounting is unsatisfactory in present conditions, the fixing of tariffs and the settlement of accounts between the United States and the countries of the British Commonwealth shall be governed by the following general principles:

(i) The Tariffs shall be drawn up in dollars and in sterling, and the tariffs so expressed shall be approximately equivalent at \$4.03 to £1.

(ii) In the event of an alteration in the average of the buying and selling rates for telegraphic transfer of dollars and sterling by more than 2 per cent from \$4.03 to £1, arrangements shall be made promptly, at the request of any country, for consultation on the adjustment of tariffs, which shall be drawn up in dollars and sterling and which shall be approximately equivalent at an agreed rate of exchange.

(iii) In any country other than the United States and the United Kingdom, the schedule of charges in local currency for messages shall at all times be the approximate equivalent of the tariffs drawn up in dollars and in sterling at the average of the buying and selling rates for telegraphic transfers of the currency in terms of dollars or sterling. Minor fluctuations in the exchange rates shall not of themselves require a modification of the schedule of charges in local currency. In fixing collection charges in its local currency, a country shall be entitled to vary the

precise equivalent of the dollar-sterling tariff to the nearest convenient unit.

(iv) The balance due as between the parties concerned shall be calculated in accordance with the tariffs drawn up in dollars and sterling, and settlement shall be made in the currency of the country of the creditor party on the basis of \$4.03 to £1. In the case of a request for consultation in accordance with paragraph (ii) of this Section, obligations incurred prior to the date of such request shall be settled on the basis of \$4.03 to £1. The basis of settlement of balances arising in respect of the period between the date of such request and the date when new tariffs as provided in paragraph (ii) of this Section become effective shall be a matter for agreement between the parties concerned. On and after the date when new tariffs become effective settlement shall be made on the basis of the new agreed dollar-sterling rate of exchange.

(v) In extending to other countries the new ceiling rate of 30 cents or 1s.6d. the United States and the countries of the British Commonwealth shall seek to achieve the establishment of a tariff drawn up on a dollar-sterling basis or, failing agreement on the part of the other country to adopt that basis, of tariffs giving effect as far as practicable to the principles underlying the dollar-sterling basis.

(vi) Should the International Monetary Fund provided for in the Bretton Woods Agreements be established, any necessary modifications in the provisions above should be considered by the authorities concerned.

SECTION 11. EFFECTIVE DATE

The arrangements provided in this Article shall be brought into force as soon as possible and not later than April 1, 1946. So far as practicable they shall be introduced as from a common date.

Note: All references in this Article to dollars and cents, and to pounds, shillings and pence, are to United States and United Kingdom currencies respectively.

ARTICLE III. PRESS COMMUNICATIONS

SECTION 12. PRIVATE POINT TO POINT CHANNELS FOR PRESS

Private channels for point to point press traffic shall be provided where the available channels are sufficient. Charges may be based on time, words, or cost, whichever may be agreed upon by the parties concerned.

SECTION 13. RECEPTION OF MULTIPLE ADDRESS PRESS RADIO COMMUNICATIONS

(i) The reception of press radio communications addressed to multiple destinations and transmitted from the United States or the countries of the British Commonwealth shall be permitted within their respective territories in all cases where the recipients are authorized by the sender to receive such communications.

(ii) The Governments of the United States and of the United Kingdom and Canada will permit within their respective territories the private reception of such communications either through the recipients' own radio receiving installation or through other private installations. In the United Kingdom such permission may be conditional on the service not being offered to third parties except in the case of recognized news agencies.

(iii) The Governments of Australia, New Zealand, South Africa, India and the United Kingdom on behalf of her colonies will arrange for the reception of such communica-

tions through the respective telegraph administrations and will retain the power to exercise their discretion as to the granting of permission to private recipients for the reception of such communications through their own installations or through other private installations.

Note: The position of Southern Rhodesia under Section 13 is reserved.

ARTICLE IV. CABLES

SECTION 14.

(i) In order to secure the optimum development of telecommunications services, and in view of the important strategic role which cables as well as radio play in a co-ordinated telecommunications system, research and development work in both cable and radio communication shall be fostered and promoted. The use of improvements such as submarine repeaters and multi-channel operation shall wherever possible be encouraged.

(ii) Inasmuch as the trans-Atlantic cables form an integral part of a world telecommunication system, uniform procedures and techniques shall be adopted in their operation. The present arrangements for mutual consultation and cooperative action with respect to the trans-Atlantic cables shall be continued.

ARTICLE V. STANDARDIZATION

SECTION 15.

The Governments of the British Commonwealth shall support a recommendation, to be made by the United States Government, to the International Telegraph Consultative Committee (CCIT) and the International Consultative Committee for Radiocommunications (CCIR) on the question of standardization of modern telecommunication methods along the following lines:-

In order to further the development and wide-spread use of modern telecommunication systems susceptible to interconnection and interchange of messages and in the interests of conservation of the radio frequency spectrum, it is proposed that the CCIT study the establishment of a standardized switching system for international telegraph communications based upon a standard five unit code of operation.

Further, it is proposed that the CCIR study the establishment of standards for:-

- (a) Carrier shift operation for single channel telegraph circuits.
- (b) Multi-tone operation for multi-channel telegraph circuits.
- (c) Performance specifications for phototelegraphic equipment to provide for interworking, including modulation equipment for radio transmissions.

ARTICLE VI. GENERAL PROVISIONS

SECTION 16. CONSULTATION

(i) The parties to this Agreement shall consult on all matters coming within its purview.

(ii) The parties to this Agreement shall, at the earliest stage, advise one another regarding all intended changes in rates on routes of interest to one another.

SECTION 17. ACCEPTANCE

By their approval of this Agreement, all Governments will accept it both on their own behalf and in respect of

all their colonies, overseas territories, all territories under their protection, suzerainty, or authority and all territories in respect of which they exercise a mandate, subject to any necessary reservations. The United States will endeavor to obtain the adherence of the Commonwealth of the Philippines to this Agreement.

SECTION 18. ENTRY INTO FORCE

This Agreement shall come into force as between the several signatory Governments upon the receipt by the United Kingdom Government of the respective notifications of their approval. The United Kingdom Government shall on receipt of such notifications inform all other signatory Governments.

JAMES CLEMENT DUNN

PAUL A. PORTER

GEORGE P. BAKER

(on behalf of the Delegation of the United States)

W. RAYMOND BIRCHALL

RODNEY A. GALLOP

R. J. P. HARVEY

(on behalf of the Delegation of the United Kingdom)

F. H. SOWARD

WALTER A. RUSH

(on behalf of the Delegation of Canada)

S. H. WITT

(on behalf of the Delegation of Australia)

P. N. CRYER

(on behalf of the Delegation of New Zealand)

E. C. SMITH

(on behalf of the Delegation of the Union of South Africa)

G. V. BEWOOR

(on behalf of the Delegation of India)

W. RAYMOND BIRCHALL

(on behalf of the Delegation of Southern Rhodesia)

W. W. SHAW-ZAMBRA

Secretary of the Conference

BELMONT MANOR HOTEL, BERMUDA

4th December, 1945.

ANNEX A

GENERAL CONDITIONS GOVERNING THE ESTABLISHMENT OF DIRECT RADIOTELEGRAPH CIRCUITS

(i) The desirability of establishing any direct radio circuit between two countries is a matter involving a judgment on its merits by the Governments of both the countries concerned. It is essential that conditions, particularly economic conditions, and the requirements of the users, at both ends of a proposed circuit should be fully considered in each case.

(ii) The governing conditions for the establishment of direct radio circuits are those of traffic and service, with the expeditious disposal of traffic as the main objective.

(iii) The existence of both radio and cables is essential in the general interest of world telecommunications as a whole. Provision of direct radio circuits should therefore have regard to existing channels of communication.

(iv) It is recognized that in certain cases a circuit might be deemed necessary for political reasons.

REPORT TO THE GOVERNMENTS

1. PURPOSE AND VENUE OF THE CONFERENCE

In pursuance of arrangements between the Governments of the United States, United Kingdom, Canada, Australia, New Zealand, Union of South Africa, India and Southern Rhodesia, the Conference was convened in Bermuda in November 1945, for the purpose of discussing telecommunications matters affecting the United States and the British Commonwealth.

2. AGENDA

The following agenda was agreed by the Governments prior to the arrival of the Delegations in Bermuda.

(i) Telecommunications rates for commercial, Government and press messages and division of the tolls; treatment of press instructional messages.

(ii) Future of transatlantic cables, maintenance of cables, including operation of cable ships.

(iii) Continuance of existing and possible establishment of new direct radiotelegraph or radiotelephone circuits.

(iv) Procedure for recording any agreement reached as a result of the discussions and exchange of information on methods of securing the implementation of such agreement.

3. OPENING OF THE CONFERENCE

The Conference was opened by His Excellency, the Acting Governor of Bermuda, the Hon. William Addis, at 2:30 p.m. on Thursday, 22nd November, 1945, after which a Plenary Session was held with the Hon. James Dunn, Chairman of the Conference in the Chair.

4. PROCEDURE

Four Committees were established as follows:

- (i) Rates and Circuits Committee
Chairman: Mr. F. H. SEWARD (Canada)
- (ii) Technical Developments Committee
Chairman: Major General F. E. STONER (U.S.)
- (iii) Exclusive Arrangements Committee
Chairman: Mr. R. A. GALLOP (United Kingdom)
- (iv) Cables Committee
Chairman: Rear Admiral J. R. REDMAN (U.S.)

These four Committees reported to Conference sitting as a Committee of the Whole with Mr. F. H. Seward (Canada) in the Chair. Their reports (annexed as B.T.C. (45) 1, 2, 3, and 4) as adopted by the Committee of the Whole were submitted to Conference in Plenary Session on Tuesday, 4th December, and approved.

5. FINAL ACT OF THE CONFERENCE

(i) At the Plenary Session on Tuesday, 4th December, the Delegations of the Governments represented at the Conference signed an Agreement covering the arrangements which they had agreed to enter into subject to confirmation by their respective Governments.

(ii) The Delegations of the Governments of the United States and the United Kingdom also signed a Protocol on Exclusive Arrangements.

6. CONCLUSION

The Conference formally concluded its deliberations at the close of the Plenary Session on Tuesday, 4th December, 1945.

JAMES CLEMENT DUNN

Chairman of the Conference

W. W. SHAW-ZAMBRA

Secretary of the Conference

BELMONT MANOR HOTEL,
BERMUDA

PROTOCOL

Between the Governments of the United Kingdom of Great Britain and Northern Ireland and of the United States of America covering

EXCLUSIVE TELECOMMUNICATIONS ARRANGEMENTS

The United Kingdom and United States Delegations agree that:

1. The United Kingdom Government will inform the Saudi Arabian Government that they understand that the United States Government are anxious that the Saudi Arabian Government should modify their agreement with the Eastern Telegraph Company in such a way as to permit of the erection by a United States Company of a radiotelegraph station, to be the property of the Saudi Arabian Government, for the purpose of operating a direct radiotelegraph circuit between Saudi Arabia and the United States, and that if the Saudi Arabian Government wish to avail themselves of this offer, the United Kingdom Government would not wish the agreement between the Eastern Telegraph Company and the Saudi Arabian Government to stand in their way. It is understood that the question of any further modifications of the concession required to permit of the operation of other direct radiotelegraph circuits by the Saudi Arabian Government would be for determination by the latter.

2. Should the Greek and United States Governments desire to establish a direct radiotelegraph circuit between their two countries, the United Kingdom Government will agree to promote the establishment of such a circuit as soon as the new United Kingdom body succeeds to the rights and obligations of Cable and Wireless Limited.

3. Should the United Kingdom Government desire to open direct radiotelegraph circuits with any countries with which United States companies may have exclusive arrangements, the United States Government will use their good offices with the United States companies and the Governments concerned to meet these requests.

4. Should it hereafter appear that any companies under the jurisdiction of the United Kingdom or the United States Governments hold exclusive arrangements in countries other than those referred to above, and should the United Kingdom or United States Government, as the case may be, desire to see established direct radiotelegraph circuits with such countries, the other Government will use their good offices with their companies and the Governments concerned to this end.

5. All direct radiotelegraph circuits set up under this

Protocol shall, subject to the concurrence of the Governments concerned, be open to transit traffic only on the conditions set out in the Agreement signed at the Bermuda Telecommunications Conference, 1945.

JAMES CLEMENT DUNN

PAUL A. PORTER

GEORGE P. BAKER

(Signed on behalf of the Delegation
of the United States)

W. RAYMOND BIRCHALL

RODNEY A. GALLOP

R. J. P. HARVEY

(Signed on behalf of the Delegation
of the United Kingdom)

W. W. SHAW-ZAMBRA

Secretary of the Conference

BELMONT MANOR HOTEL, BERMUDA

4th December, 1945

Visit of Brazilian Surgeon

[Released to the press December 12]

F. E. Godoy Moreira, who is visiting hospitals and medical centers in this country at the invitation of the Department of State, has been for the past eight years member for Brazil of the American Academy of Orthopedic Surgery.

His main interest during his present trip is to visit specialized hospitals and to confer with several eminent surgeons whose work is of special significance in his field. His itinerary includes Atlanta, Baltimore, Boston, Chicago, Cincinnati, Cleveland, Los Angeles, Madison, Memphis, Minneapolis, New York, Omaha, Philadelphia, Rochester, San Francisco, St. Louis, and other cities.

Military Mission Agreement With Costa Rica

[Released to the press December 10]

In conformity with the request of the Government of Costa Rica, there was signed on December 10, 1945 by Secretary of State Byrnes and Francisco de P. Gutierrez, Ambassador of Costa Rica in Washington, an agreement providing for the detail of a military mission by the United States to serve in Costa Rica.

The agreement will continue in force for four years from the date of signature but may be extended beyond that period at the request of the Government of Costa Rica.

The agreement contains provisions similar in general to provisions contained in agreements between the United States and a number of other American republics providing for the detail of officers of the United States Army or Navy to advise the armed forces of those countries.

Combined Production and Resources and Combined Raw Materials Boards Terminated

[Released to the press by the White House December 10]

Statement by the President of the United States and the Prime Ministers of Great Britain and Canada

We announced on August 29 that the Combined Production and Resources Board, the Combined Raw Materials Board, and the Combined Food Board would continue to operate on their existing basis for the time being. As then proposed, however, the situation has been further examined with a view to the earliest possible removal of all wartime controls of international trade.

We take this opportunity of paying tribute to the outstanding achievements of the Boards in the full and equitable utilization of resources for the effective prosecution of the war. This novel experiment in economic collaboration unquestionably hastened the moment of victory.

It is, however, our view that the work of the C.P.R.B. and C.R.M.B. on its existing basis should come to an end. It has accordingly been agreed that these two Boards terminate on December 31, 1945.

There remain, however, a few commodities which call for continued attention in as much as they are in global short supply in relation to the needs in consuming countries. For cotton textiles, tin, rubber, and hides and leather it is proposed that the committees set up under the Boards which are concerned with these supplies should be continued during such period as the shortage of supply in relation to needs renders necessary. It is also proposed that in all cases representation on the committees should be on an appropriate international basis having regard to their independent status following the dissolution of the Boards. In most cases committee membership already includes countries having a major interest in the problems involved. In the case of coal, there exists an organization in respect of Europe, but special considerations make it desirable that, for the time being, the coal committees in Washington and London now under the Boards continue in their present form. As regards some additional commodities in uncertain supply, the Boards may make suitable distribution arrangements before the end of the year to extend into 1946.

It has been concluded that conditions do not yet permit the dissolution of the Combined Food Board. Because many foodstuffs are still in world short supply and because of their close interrelationship, it is believed desirable to retain the Board as a supervisory and coordinating mechanism. The commodity committees of the Board will be abandoned as soon as the foodstuffs with which they deal cease to require international allocation. It is anticipated that the Combined Food Board itself will be dissolved on June 30, 1946, or sooner if conditions permit. However, a few of the commodity committees may have to be retained beyond that date to recommend allocations of products which continue to be in serious short supply. Arrangements were made last summer to associate other major exporting and importing countries with the work of the commodity committees. These committees will continue to operate on this principle.

Nobel Peace Prize to Cordell Hull

[Released to the press December 10]

The former Secretary of State, Cordell Hull, was awarded the Nobel Peace Prize in Oslo on December 10. Lithgow Osborne, American Ambassador to Norway, accepted the prize on behalf of Mr. Hull. Ambassador Osborne read a message from Mr. Hull to the president and members of the Nobel Committee of the Storting.¹

George Alexanderson Returns From China

[Released to the press December 6]

After spending the past 28 months in the China theater of operations, George Alexanderson, photographic specialist, Division of Cultural Cooperation, Department of State, has returned to the United States. Mr. Alexanderson has been on leave of absence from the New York Times for this assignment and will return to his former position shortly.

Mr. Alexanderson has been acting as adviser on news photography to the Chinese Ministry of Information on loan from the Department. He made suggestions for the reorganization of the photographic section of the International Department of the Chinese Ministry of Information, trained Chinese photographers in American technique on the coverage of news and feature picture stories, and organized laboratory processing facilities.

In addition to the training program Mr. Alexanderson held correspondent's credentials to the United States forces in China which gave him personal access to joint Sino-American Army activities. Some of the events he has photographed in connection with his work were Chinese Combat Command of the United States Forces, Salween campaign, Burma campaign, Central China campaigns, and the B-29 raids from China bases upon Japan and Japanese-controlled territory.

THE DEPARTMENT

Office of Budget and Finance²

Purpose. The purpose of this order is to increase the effectiveness of the budgetary and fiscal operations of the Department of State by the establishment of an office exclusively concerned therewith.

1 Establishment of the Office of Budget and Finance. An Office of Budget and Finance is hereby established under the general supervision and direction of the Assistant Secretary of State for Administration. It shall be responsible for the budgetary and fiscal policies and operations of the Department of State, including the Departmental Service, the Foreign Service, international commissions, organizations, and other bodies affiliated with the Department.

2 Organization. (a) The Office of Budget and Finance

shall be supervised by a director who shall be also the Budget Officer of the Department of State. He shall advise officials of the Department on matters of budgetary policy.

(b) The Office of Budget and Finance shall consist of the following organizational units:

- (1) Office of the Director and Budget Officer;
- (2) Division of Budget; and
- (3) Division of Finance

3 Functions of the Office of the Director and Budget Officer. The Office of the Director and Budget Officer shall be responsible for the following functions:

- (a) Consultation with and advice to principal policy officials with respect to the budgetary feasibility and implications of their plans and programs and the means for placing them into effect from a budgetary standpoint;
- (b) Presentation and defense of budgetary estimates to the Bureau of the Budget and the Congress;
- (c) Development of the financial program and direction and supervision of the budgetary and fiscal operations of the Department.

4 Functions of the Division of Budget. The Division of Budget shall be responsible for all budgetary operations of the Department, including the Departmental Service, the Foreign Service, international commissions, organizations, and other bodies affiliated with the Department. These include:

- (a) Development of budgetary plans and procedures for carrying into effect the financial program;
- (b) Coordination, analysis, and compilation of budgetary data;
- (c) Conduct of budgetary consultations within the Department;
- (d) Preparation of estimates of appropriations and justification therefor for the Bureau of the Budget and the Congress;
- (e) Drafting of legislation affecting budgetary and fiscal policy and operations;
- (f) Assistance to the Director and Budget Officer in the hearings on the appropriation estimates before the Bureau of the Budget and the Congress;
- (g) Budgetary control of appropriations through the allocation, and allotment of funds and positions within the limitations prescribed by the Bureau of the Budget and the Congress; and
- (h) Preparation of budgetary reports for the information of officials of the Department and as required by the Bureau of the Budget and the Congress.

5 Relationship between the Division of Budget and the Division of Management Planning and Foreign Service Planning. The Division of Budget shall maintain close liaison and working relationship with the Division of Management Planning and the Division of Foreign Service Planning in order that financial plans will be integrated

¹ For text of Mr. Hull's message, see Department of State press release 922 of Dec. 10, 1945.

² Departmental Order 1359, dated and effective Nov. 21, 1945.

with the organizational and functional plans of the Department and the Foreign Service, as approved by the Assistant Secretary for Administration.

6 *Functions of the Division of Finance.* The Division of Finance shall be responsible for the fiscal operations of the Department, including international commissions, organizations, and other bodies affiliated with the Department, and the Foreign Service of the United States. These include:

(a) Development, design, and installation of systems, methods, procedures, and forms, for the control of fiscal operations;

(b) Maintenance of accounts and related records, including payroll and Departmental leave and retirement records;

(c) Audit of fiscal documents and accounts;

(d) Fiscal control of the obligation and disbursement of funds;

(e) Technical supervision of all field accounting and disbursing officers;

(f) The carrying out of fiscal arrangements necessary to the fulfillment of the financial obligations incurred by the United States through membership in international organizations;

(g) Collaboration with the Division of Foreign Service Administration in completing arrangements for the use by other departments and agencies of the Government of the fiscal facilities of the Foreign Service in the field;

(h) Collaboration with the Division of Financial Affairs, the Division of Foreign Service Administration, the Treasury Department, and other departments and agencies of the Government in connection with the procurement and sale of foreign exchange by Foreign Service establishments abroad;

(i) Liaison with the Treasury Department and the General Accounting Office in connection with fiscal operations; and

(j) Preparation of fiscal, statistical, and related reports as requested by officials of the Department, the Foreign Service, the Bureau of the Budget, the Treasury Department, the General Accounting Office, and the Congress.

7 *Transfer of positions, personnel, records and equipment.* The authorized positions, personnel, records and equipment of the former Division of Budget and Finance are hereby transferred to the Office of Budget and Finance and are to be assigned to the component units of that office as may be determined by its director.

8 *Routing symbols.* The routing symbols of the Office of Budget and Finance and of its several divisions shall be:

OB—Office of Budget and Finance.

DB—Division of Budget.

DF—Division of Finance.

9 *Previous Departmental orders amended.* Departmental Order 1301 of December 20, 1944, is hereby amended by the elimination of that section in Part XVII numbered and entitled, "1. Division of Budget and Finance." Departmental Order 1302 of January 1, 1945 is also amended herein.

JAMES F. BYRNES

Appointment of Officers

Norman Burns as Adviser in the Division of Commercial Policy, effective December 6, 1945.

Harold B. Minor as Chief of the Division of Middle Eastern Affairs, effective December 3, 1945.

Richard H. Heindel and R. E. Ward, Jr., as Special Assistants to the Director of the Office of International Information and Cultural Affairs, effective December 6, 1945.

Andrew B. Foster as Chief of the Division of Foreign Service Planning, effective December 4, 1945.

W. Pierce MacCoy as Chief of the Division of Departmental Personnel, effective November 26, 1945.

Harry W. Kurth as Director of the Office of Budget and Finance, effective November 21, 1945.

THE FOREIGN SERVICE

Consular Offices

The American Consulate General at Hankow, China, was reestablished on November 15, 1945.

The American Consulate at Tsingtao, China, was reestablished on November 27, 1945.

THE CONGRESS

Creating the All-American Flag Line, Inc., and To Assure the United States World Leadership in the Field of Air Transportation. S. Rept. 805, 79th Cong. 7 pp.

Sale of Certain Government-Owned Merchant Vessels. S. Rept. 807, 79th Cong., to accompany H.R. 3603. 23 pp. [Favorable report.]

Extending Operations of Export-Import Bank of Washington to Philippine Islands. S. Rept. 838, 79th Cong., to accompany H.R. 4683. 1 p. [Favorable report.]

Amending the Second War Powers Act, 1942, as Amended. S. Rept. 844, 79th Cong., to accompany H.R. 4780. 5 pp. [Favorable report.]

Disposing of Sundry Papers. H. Rept. 1331, 79th Cong. 2 pp. [State Department.]

Additional Copies of the Eighth Report of the House Special Committee on Postwar Economic Policy and Planning. H. Rept. 1335, 79th Cong., to accompany H. Res. 445. 1 p. [Favorable report.]

Inviting United Nations To Locate the Seat of the United Nations Organization Within the United States of America. H. Rept. 1348, 79th Cong., to accompany H. Con. Res. 75. 1 p. [Favorable report.]

United Nations Relief and Rehabilitation Administration Participation Bill, 1946. H. Rept. 1355, 79th Cong., to accompany H. J. Res. 266. 3 pp.

An Act To amend section 342 (b) of the Nationality Act of 1940. Approved November 21, 1945. H.R. 391. Public Law 227, 79th Cong. 1 p.